

# U.S. Policy Approaches for Maintaining Stability in the Asia-Pacific Region: History, Economics, and “Soft” Power

A Monograph

by

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## ABSTRACT

U.S. POLICY APPROACHES FOR MAINTAINING STABILITY IN THE ASIA-PACIFIC REGION: HISTORY, ECONOMICS, AND “SOFT” POWER by CDR Scott N. Richardson, United States Navy, 90 pages.

Continued prosperity in Asia is integral to international events unfolding in the Twenty-First-Century. Successful U.S. policy in the Asia-Pacific region requires clarity in the U.S. understanding of Asian history, China’s perceptions of western motives, and better recognition of geo-political attitudes of regional states. Maintaining U.S. influence in the Asia-Pacific requires wider clarification of policy that recognizes changes in economic demographics and the geo-political landscape. The U.S. should focus on three primary areas when determining policy in the Asia-Pacific region. First, more significance should be given to understanding history and cultural dynamics in the Asia-Pacific. Second, the U.S. must recognize that American economic primacy has diminished in the Asia-Pacific, and third, military might and “hard” power alone cannot answer the more difficult challenges presented there.

Chinese perceptions about U.S. imperial aspirations are based on historical vestiges and greatly affect Sino-American relations. U.S. “rebalancing” policies in the Asia-Pacific further impact post Cold War international security issues and presents the potential for conflict between the world’s two foremost economic powers. Territorial disputes in the South China Sea and East China Sea, and Chinese historical claims in the region also hold the potential for crisis and instability. Following twelve years of Middle East conflict, the Obama Administration’s apparent sudden “pivot” or rebalancing to the Asia-Pacific led to Chinese questions regarding U.S. motives. Long held Chinese concerns about American policy-makers’ ambitions in China’s presumed area of hegemony, if threatened, may drive China to use its new position as a global power to deny U.S. access to the region. U.S. interest in maintaining access to the Asia-Pacific will likely buttress China’s application of anti-access, area denial (A2AD) strategies that seek to deny U.S. access. The relationship that the United States and China forge in the next twenty to thirty years will be instrumental in the future of East-West relations.

The U.S. has historically used a multitude of policy approaches in the Asia Pacific region; adopting U.S. policy unilaterally in intra-regional quests may lead to heightened Chinese concerns about western influence and could result in unintended consequences. U.S. policy toward China should reinforce international norms and encourage Chinese reforms while simultaneously supporting regional partners and allies. To achieve U.S. interests in the region, American leaders should employ “soft” power that encompasses a Whole of Government approach, and where necessary employ “hard” power, to ensure U.S. interests in the region. U.S. policy approaches in the Asia-Pacific that fail to consider regional history and perceptions by northeast Asian states risk instability or conflict in the Asia-Pacific region.

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## ACRONYMS

U.S.	United States
PRC	Peoples Republic of China
UN	United Nations
CSIS	Center for Strategic and International Studies
A2AD	Anti-Access and Area Denial
CCP	Chinese Communist Party
ASEAN	Association of Southeast Asian Nations
GDP	Gross Domestic Product
APEC	Asian-Pacific Economic Cooperation
RCEP	Regional Comprehensive Economic Partnership
FTA	Free Trade Agreements
NIE	Newly Industrializing Economies
PPP	Purchasing Power Parity
CRS	Congressional Research Center
QDR	Quadrennial Defense Review
PLAN	Peoples Liberation Army Navy
PLA	Peoples Liberation Army
UN	United Nations
SCO	Shanghai Cooperation Organization
UNCLOS	United Nations Convention on Law of the Sea
USEIA	U.S. Energy Information Administration
TCF	Trillion Cubic Feet
ROK	South Korea, Republic of Korea
DOC	2002 Declaration of Conduct
EEZ	Exclusive Economic Zone
EAI	Enterprise for ASEAN Initiative

ASBM      Anti-Ship Ballistic Missile



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## INTRODUCTION

U.S. policy approaches in the Asia-Pacific that fail to consider regional history and perceptions by northeast Asian states risk instability or conflict in the Asia-Pacific region. Perhaps resulting from historical remnants of Sino-U.S. relations, contemporary U.S. strategies and recent policy decisions in the Asia-Pacific region heighten well-documented Chinese animosities against imperialistic ambitions. Failure to recognize the impact of history and changing intra-regional attitudes may lead to heightened tensions between the U.S. and China and could result in crisis or conflict.

Equally, China's ability to rise above its history of national humiliation, striving instead to lead among equals will also play a major part in U.S. policy decisions. Further, the manner in which the United States interacts with China as well as other regional leaders, while seeking to achieve its interests in the region, bears directly on regional states and the outcomes that may result between the U.S. and China. The dilemma faced by the U.S. now is that it is attempting to derive future policy under an antiquated rubric. The U.S. no longer holds pre-eminent economic and military power in the region.

If the Peoples Republic of China (PRC) and the United States are not to view each other as threats or adversaries, what persistent elements of Chinese-American perceptions and dialogue must change? Chinese perceptions about the United States' imperial aspirations are based on historical examples and greatly affect Sino-American relations. U.S. "rebalancing" policies in the Asia-Pacific further impact on post Cold War international security issues and presents the potential for conflict between the world's two foremost economic powers. Territorial disputes in the South China Sea and East China Sea, and Chinese historical claims in the region also hold the potential for military conflict. As political disputes increase, the likelihood of crisis and instability may lead to armed conflict.

U.S. policy in the Asia-Pacific threatens to disrupt Sino-U.S. relations. In 2011, the administration of President Barack Obama articulated its intention to rebalance U.S. strategic priorities to the Asia-Pacific region. On January 5, 2012, President Barack Obama released “a new Strategy Guidance document that directed a rebalancing toward the Asia Pacific region of military forces and national security efforts across the government.”<sup>1</sup> Following twelve years of Middle East conflict, President Obama’s apparent sudden shift, or “Pivot,” to the Asia-Pacific leads to questions regarding U.S. motives. Long held Chinese concerns about American policy-makers’ ambitions in China’s presumed area of hegemony affects Sino-American relations in the region. If threatened, China may use its new position as a global power to deny U.S. access to the region. Militarily, U.S. interest in maintaining access to the Asia-Pacific will likely buttress China’s application of anti-access, area denial (A2AD) strategies that seek to deny U.S. access in the region. Decades’ old fear of imperial tampering in China and its new position as a global power place both countries within a matrix of possible instability.

As a result of twelve years of war and a weakened economy, the United States no longer enjoys the ability to act unilaterally in pursuit of purely U.S. interests. At the end of the Cold War, the U.S. became the world’s single superpower and wielded an impressive ability to control global events. While the U.S. continues to maintain the most powerful military in the world, and arguably retains its position as an integral international economic leader, the situation in the Asia Pacific requires re-evaluation of “balance of power” attitudes expressed by international realists’ theories. In *Bound to Lead*, Joseph Nye discusses how military force and economic activities comprise the qualities of “hard power” while cultural pursuits and interactions belong in the

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<sup>1</sup>David J. Berteau, Michael J. Green, Gregory T. Kiley, and Nicholas F. Szechenyi, *U.S. Force Posture Strategy in the Asia Pacific Region: An Independent Assessment* (Washington, DC: CSIS, 2012), 9.

matrix of “soft power.” Achieving twenty-first-century interests in the region will require the United States to maintain the elements of “hard” power but also necessitates greater cultural understanding of historical vestiges and attitudes of those in the region.<sup>2</sup> Hence, it is useful to ask what remedies can foster a cooperative, versus purely competitive, security environment.

Western and European states have a rich history of leading world affairs. For many centuries, western powers became the most successful societies that sought to promote new means for unearthing wealth, establishing international norms, and promoting democracy. In *The New Asian Hemisphere*, Kishore Mahbubani writes that “[F]or most of the previous three centuries, the peoples of Asia, Africa, and Latin America were objects of world history. The decisions that drove history were made in a few key Western capitals, most often London, Paris, Berlin, and Washington, DC.”<sup>3</sup> Mahbubani asserts that the 5.6 billion people who live outside the Western universe will no longer accept decisions made on their behalf in Western capitals.

Inherent in these observations is the question about the indelible durability of western power in the Asia Pacific region. Significant to any analysis is establishing the degree to which China and the U.S. will be able to contextualize relations between the current, and some say outgoing superpower, and the expanding influence of China. What will the twenty first century hold for the United States as it seeks to maintain its foothold in the region? The answer to this incredibly delicate question lies in the ability of the U.S. to recognize what impact the West has had on Asia and the best methods for proceeding in the future.

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<sup>2</sup>Joseph Nye, *Bound to Lead: The Changing Nature of American Power* (New York, NY: Basic Books, 1990), 174-91.

<sup>3</sup>Kishore Mahbubani, *The New Asian Hemisphere: The Irresistible Shift of Global Power to the East* (New York, NY: Public Affairs Books, 2008), 5.

The relationship that the United States and China forge in the next twenty to thirty years will be instrumental in the future of East-West relations. Beyond simply China and the United States, other nation states are greatly affected by an outcome that suggests anything other than sustained peaceful relations. Perhaps the most salient question is whether the world is currently experiencing a power shift, one that would see China as the next superpower, and if so what outcome might be expected? The People's Republic of China has the world's largest population, fastest growing economy, largest portfolio of foreign exchange reserves, largest army, and largest middle class. It has a permanent seat on the United Nations Security Council, a nuclear arsenal, and a space program that plans a manned lunar mission by 2024.<sup>4</sup> In *The United States and China in Power Transition*, David Lai remarks that "throughout history, changes in the balance of power and efforts to keep or alter the international order have led to struggles among the big nations and set the stage for great power wars."<sup>5</sup> The argument seems to suggest that China is quickly advancing into areas where the United States once held international sway.

Given its tumultuous history, is China capable of becoming the next world leader? And, does it possess the qualities to make the transition? Following Power Transition Theory,<sup>6</sup> China

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<sup>4</sup>William A. Callahan, *China: The Pessimist Nation* (Oxford, NY: Oxford University Press, 2010), 11.

<sup>5</sup>David Lai, *The United States and China in Power Transition* (Carlisle Barracks, PA: Strategic Studies Institute, U.S. Army War College, 2011), 5.

<sup>6</sup>From Douglas Lemke's, "The Continuation of History: Power Transition Theory and the End of the Cold War," *Journal of Peace Research*, 34, no. 1 (Feb., 1997), 23-36. Power transition theory focuses on the strongest states, and draws implications from their inter-actions for war, and for the maintenance of and changes to the structure of the international system. It is similar to other 'systemic' theories of international relations, such as long cycle or balance of power theory (Modelski & Thompson, 1989; Niou et al., 1989). However, unlike most other systemic theories it is not a purely realist theory, because it is not exclusively concerned with power (although power considerations do play a prominent role in it). In addition to power, power transition theory considers each country's satisfaction with the workings of the international system, or status quo. The status quo is a useful abbreviation for the general pattern of diplomatic, economic, and military inter-actions of members of the international system. For an

may constitute the primary variables that suggest it is and can: (1) it is currently a dissatisfied second ranked power; and (2) it is not a U.S. ally and played no part in the establishment of the current international order. In fact, the United States did not recognize the Beijing government when it was established in 1949 and for twenty plus years after kept China out of the U.S.-led international community. Having before denounced a U.S.-led international order and called for the destruction of western capitalists, China is experiencing tremendous economic and political power. According to Lai, “the question is not whether China is a contender for power transition, but how China manages its rise and the power transition with the United States.”<sup>7</sup> Conversely, it is essential that the U.S. consider wisely both “hard” and “soft”<sup>8</sup> policy decisions as it ponders unilateral versus shared world power.

Beyond seeking stable relations, the United States could also seek to maintain its “Unipolar” status as the world’s single superpower. In *Diplomacy*, Henry Kissinger offers three previous examples of how the U.S. attempted to “tower over the international stage” and “recast the world in its image,” each ultimately leading to U.S. frustration. The first followed World War

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interpretation that places power transition theory within the realist paradigm, see Lebow (1994, 249-77). Lebow writes “Power transition theories comprise the branch of realism that analyzes great power responses to [relative] decline” (p. 251). Most of his discussion is about Gilpin's (1981) work, and is accurate in description of that work. Consideration of the status quo means that not all countries respond to decline in the same way. The decline of one satisfied state relative to a second satisfied state is not expected to be conflictual, because the gaining satisfied state has no exception of net gains from fighting the declining satisfied state. The rising state would not change the declining satisfied state's status quo (assuming the declining satisfied state is the dominant country). Thus, power considerations between satisfied states are of little importance at best. By contrast, the relative decline of a satisfied dominant country relative to a dissatisfied state is, according to power transition theory, expected to be associated with a much higher probability of war.

<sup>7</sup>David Lai, *The United States and China*, 18-24.

<sup>8</sup>Joseph Nye describes soft power as “the ability to get what you want through attraction rather than through coercion.” He sees strong relations with allies, economic assistance programs, and vital cultural exchanges as examples of soft power. Soft power is the opposite of “hard power.” Hard power includes the more noticeable and predictable power associated with military force, coercion, and intimidation.

I when President Woodrow Wilson offered a “new world order” in the League of Nations. The second came at the end of World War II with the establishment of the United Nations at Bretton Woods, which held to vestiges of the League of Nations, but also posited the origins of the Cold War. Finally, the third came at the end of the Cold War as the shift of power occurred from the Atlantic to the Asia-Pacific with “diffusion of power” shifting to a large group of second ranked nations, which resulted in the world’s superpower being forced to negotiate rather than dictate business with peers.”<sup>9</sup> These examples clearly demonstrate that history and attitudes within the Asia-Pacific region matter. Therefore understanding the history of Chinese-U.S. relations, particularly since the late 1940’s, is instrumental for U.S. policy-makers as they ponder whether, and where, to act unilaterally or to seek regional alliances and peer competitor status (in the region) with China. In considering such, it is crucial to recognize that China’s view of U.S. intentions is shaped by past experiences and by how the U.S. positions itself in regional economic matters, and that military power should not be the sole source of U.S. strength in the region.

Comparative to its strategic interaction with China, the United States must understand the historical psychology and the changing attitudes reinforced on and around northeast Asia as they relate to the greater Asian environment. In his article, “Regional and Global Challenges to South Korea’s Security,” Donald Keyser highlights the implications of Asia’s global importance in the area of economics. Development of Asia as a source of commerce has emboldened Asian nations to stand up to U.S. power. He states, “[W]hat is perhaps less well grasped are the subtle changes occurring in Asian psychology and strategic thinking: a propensity to set the regional agenda without U.S. primacy, let alone veto power; an emphasis on intra-regional commercial and

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<sup>9</sup>Henry Kissinger, *Diplomacy* (New York, NY: Simon and Schuster, 1994), 805.



economic relationships; and an embrace of explicitly ‘Asian’ norms and principles.”<sup>10</sup> What is clear is that northeast Asians share a common identity that is distinctly not American. The “old order” of things is beginning to be replaced by a regional identity that underlies the formation of a new order, one less dependent upon the United States.

In unison with the changing rhythms occurring in Asia, what are the features in the Asia-Pacific that make that region of such interest to the U.S.? Have U.S. exploits in the Middle East led to a “new form of thinking” or were the two land wars in Iraq and Afghanistan simply a moment in history? In *Monsoon*, Robert D. Kaplan notes that “the sum-total effect of U.S. preoccupation with Iraq and Afghanistan has been to fast-forward the arrival of the Asian Century, not only in the economic terms that is well understood, but in military terms as well.” He goes on to say that, “messy land wars have obscured the importance of seas and coastlines, across which most trade is conducted and along which most of humanity lives, and where, consequently, future military and economic activity is likely to take place.”<sup>11</sup> Recognizing the contemporary shift as it transpires is significant to strategic policy issues in the region.

In an independent study, the Center for Strategic and International Studies (CSIS) determined that current U.S. force posture has become heavily tilted toward northeast Asia, to Korea and Japan, where it focuses on deterring the threats of major conflicts on the Korean peninsula, off Japan, and in the Taiwan Strait.<sup>12</sup> While the U.S. focus has been in northeast Asia, Chinese emphasis is in the South China Sea and Pacific islands. According to CSIS, “the U.S.

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<sup>10</sup>Donald Keyser, “Regional and Global Challenges to South Korea’s Security” in Byung Kwan Kim, Gi-Wook Shin and David Straub, ed, *Beyond North Korea: Future Challenges to South Korea’s Security* (Stanford, CA: The Walter H. Shorenstein Asia-Pacific Research Center, 2011), 30-31.

<sup>11</sup>Robert D. Kaplan, *Monsoon: The Indian Ocean and the Future of American Power* (New York, NY: Random House, 2010), xi-xiii.

<sup>12</sup>David J. Berteau, et al, *U.S. Force Posture Strategy in the Asia Pacific Region*, 5-6.

needs to do more there, while continuing efforts in northeast Asia to ensure deterrence capabilities.”<sup>13</sup> All too apparent is that the policy approach the U.S. employs to address this dichotomy may suggest future outcomes in the region.

The United States has historically used a multitude of policy approaches in the Asia Pacific region. Adopting U.S. policy unilaterally in intra-regional affairs may lead to heightened Chinese concerns about western influence in crisis situations and could result in unintended consequences and even conflict. When weighing new approaches and future practices in the region, U.S. policy-makers must examine historical complexities and cultural attitudes of Asian states for ways to maintain stability in the Asia-Pacific. Beyond China and the U.S., other nation states are greatly affected by unintended outcomes created by the two bigger powers. In a very positive sense, successful Sino-U.S. relations have a strong probability of achieving continued economic success and strategic security if the U.S. is able to better recognize how it is perceived in the region. To that end, U.S. initiatives in the Asia-Pacific must fully acknowledge regional attitudes and historic cleavages of Asian states. For its part, China must embrace the “rule of law” and seek to harness the ability to step beyond historical feelings of humiliation caused by the “Century of Humiliation”<sup>14</sup> and comport itself as a powerful modern state. To achieve U.S.

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<sup>13</sup>Ibid, 5.

<sup>14</sup>From Alison A. Kaufman, China Analyst for the Center for Naval Analysis (CNA), Testimony before the U.S.-China Economic and Security Review Commission Hearing on “China’s Narratives Regarding National Security Policy.” (10 March 2011). The “Century of Humiliation,” a period between 1839 and 1949 when China’s government lost control over large portions of its territory at the hands of foreigners is a key element of modern China’s founding narrative. This “long century” of 110 years opened in 1839, when Britain sent gunboats up the Yangtze River to compel China’s rulers to open their ports and markets to the opium trade, at the beginning of what came to be known as the First Opium War. This experience, and subsequent interactions with other Western nations that made similar demands for trade access, marked China’s first sustained exposure to the West, and highlighted imperial China’s military and diplomatic weakness in the face of Western power. This past experience is thought by many Chinese today to provide historical lessons that are taken as indicative of how strong Western powers tend to behave

interests and maintain stability in the region, economic and military strategies must also take into account the emotional impact of past experiences on those in the region.

Successful U.S. policy in the region requires clarity in the U.S. understanding of Asian history, cultural perceptions, and geo-political peculiarities of regional leaders. On November 17, 2011, the President of the United States declared that the U.S. would “play a larger and long-term role in shaping the Asia-Pacific region and its future, and that the region would become the “top priority” of U.S. security policy.<sup>15</sup> In the same month of that year, U.S. Secretary of State Hillary Clinton attempted to convey transparency of U.S. policy in the region when she stated, “[O]ne of the most important tasks of American statecraft over the next decade will be to lock in a substantially increased investment – diplomatic, economic, strategic, and otherwise – in the Asia-Pacific region.<sup>16</sup>

The time when Western powers unilaterally approached decision making in northeast Asia is past. While still the world’s superpower, the U.S. can no longer rely on military might alone to achieve national interests. In “Implications of the Rise of ‘Confucian’ East Asia,” Tu Weiming states that “the time is long overdue to move beyond a mind-set shaped by modernization as a unilinear progression.”<sup>17</sup> As the politics of domination fades, the U.S. must find new and innovative ways to produce and protect national interests in the region. Weiming

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toward China. The PRC maintains that the Century of Humiliation ended when the CCP won the Chinese civil war and established itself as the ruling regime, there remain several vestiges of that period that, in the minds of many Chinese, must be rectified before China’s recovery will be considered complete. The most important of these, and perhaps the only one that is non-negotiable, is the return of Taiwan to the mainland.

<sup>15</sup>Barack Obama, The White House. “Remarks by President Barack Obama before the Australian Parliament (Washington, DC: Office of the Press Secretary, 17 November 2011).

<sup>16</sup>Secretary of State Hillary Clinton, “America’s Pacific Century,” *Foreign Policy*, (November 2011).

<sup>17</sup>Tu Weiming, “Implications of the Rise of ‘Confucian’ East Asia,” *Daedalus, MIT Press* 129, no. 1, (Winter 2000), 216-17.

goes on to say that the dawning of an age of communication, networking, negotiation, interaction, interfacing, and collaboration has changed how the U.S. must approach influence in the region. “Even if we strongly believe that the United States alone can exert hegemonic influence in the global community, the real American strength lies in “soft power” and moral persuasion, rather than military might.”<sup>18</sup> Use of “soft” power must include cooperation and communication with partners and allies, but also should be applied to potential adversaries as well.

#### THE ASIA-PACIFIC REGION: UNDERSTANDING ITS REGIONAL HISTORY

China suffers from a long history of Western imperialism that trained attitudes and perceptions that continue to affect its ability to trust foreigners. Adding to complexities of an already intense political environment, Chinese leaders continue to suffer a bi-polar existence, wherein they have both superiority and inferiority complexes. In *China*, William A. Callahan charges that “China’s pessoptimistic experience shows how its goals are not merely material – a matter of catching up to the West economically and militarily – but *social* and *symbolic*. China’s leaders and the Chinese people are looking for respect; one of the key goals of Chinese foreign policy is to ‘cleanse national humiliation (xixue guochi).’ International status thus is an ‘overriding policy objective’ in Beijing.”<sup>19</sup> Great power status is presumed by China as its inherited entitlement, causing Chinese nationalists to be sensitive about issues of hierarchy and power. In *China’s New Nationalism*, Peter Hays Gries writes that “Chinese identity does not exist in isolation. It evolves through the ways China perceives its interactions with other nations, and

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<sup>18</sup>Ibid., 216.

<sup>19</sup>William A. Callahan, *China: The Pessoptimist Nation*, 11-12.

especially through the ways China perceives its relations with the United States and Japan.”<sup>20</sup>

Beyond simply being prepared economically and militarily, China seems to anticipate a time, in contrast to the 1950s and 1960s, when it might take its rightful place on equal footing with its Western nemesis, where the focus is instead squarely on China.

From 1946 through the early 1970s, Sino-U.S. relations witnessed a constant adversarial tone. China, led by Mao Zedong, believed that U.S. presence was an overt attempt to exercise imperial power over the entire region. Following a decade and a half of conflict between the Nationalists and the Communists, Mao Zedong emerged as the foremost leader of China, and the Chinese Communist Party (CCP). In *A Bitter Revolution*, Rana Mitter suggests that “[F]or a long time, this was where ‘history’ ended in China. For western and Chinese accounts alike, ‘liberation’, the Communist victory, marked the end of China’s ‘feudal’ past and ‘old’ society.” It marked a watershed year, a time when everything changed and a new China emerged.<sup>21</sup> Rising from a history fraught with western imperialism and interventionism, Mao sought recognition and prestige from other world powers.

Perhaps adding to China’s mistrust of Americans, the United States refused to recognize the new regime in Beijing and refused them a seat on the United Nations (UN) Security Council as a result, adding weight to the CCP’s anti-American feelings, and ultimately driving the CCP into the “bloc divisions that marked the onset of the Cold War.”<sup>22</sup> China’s recognition as an international state took place in 1949 at the end of the Chinese Civil War as the Communist set

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<sup>20</sup>Peter Hays Gries, *China’s New Nationalism: Pride, Politics, and Diplomacy* (Berkeley, CA: University of California Press, 2004), 40-41.

<sup>21</sup>Rana Mitter, *A Bitter Revolution: China’s Struggle with the Modern World* (New York, NY: Oxford University Press, 2004), 186-87.

<sup>22</sup>Ibid., 187.

about governing; the U.S. continuously insisted on recognizing Chiang Kai-shek's exiled regime on Taiwan as the rulers of China.<sup>23</sup> Almost immediately, Mao Zedong's mass campaigns, as detailed in Table 1, focused on domestic programs by raising public fervor against the west and in particular the United States, setting the stage for a battle of ideology and at times actual conflict.

Table 1 List of Political Campaigns led by Mao Zedong and the Communist Party of China since the founding of the party in 1921

Year	Mao's Campaigns	Descriptions
1930–1931	Anti-Bolshevik League Incident	A political purge in Communist Party bases in Jiangxi province, during which Mao Zedong accused rivals of belonging to the Kuomintang intelligence agency "Anti-Bolshevik League." The campaign resulted in the trial and execution of large numbers of Red Army officers and soldiers.
1941–1945	Yan'an Rectification Movement	An ideological rectification campaign that took place at the Communist Party base in Yan'an, following completion of the Long March. Through the campaign, Mao consolidated his role as the Communist Party's paramount leader, and established Marxist-Leninism and Mao Zedong Thought as the Party's guiding ideologies. The campaign was notable for its role in unifying and strengthening the Communist Party, as well as for the methods of Soviet-inspired thought reform it helped standardize, including the use of self-criticism and "struggle." An estimated 10,000 are believed to have been killed during the rectification movement.
1947–1952	Land Reform	The first of many Land reform campaigns, it saw the land in rural China forcibly taken from landlords and redistributed among peasants. The campaign was notable in that, unlike under Soviet practice wherein the security apparatus redistributed land and punished landlords, the people themselves were encouraged to overthrow and kill landlords. The land reform campaign increased the Communist Party's popularity among Chinese peasants, and resulted in approximately 1 million - 4.5 million deaths.
1950–1953	Campaign to Suppress Counter Revolutionaries	The first political campaign launched after the founding of the People's Republic of China, the Campaign to Suppress Counterrevolutionaries aimed to consolidate Communist Party authority and suppress residual opposition, including former Kuomintang supporters and functionaries, businessmen, and intellectuals. Those accused of being counterrevolutionaries were denounced in mass trials; many were sentenced to forced labor or condemned to be executed. Between 700,000 and 2 million are estimated to have been killed in the campaign.

<sup>23</sup>Ibid., 193.

1950–1955	New Marriage Law	A marriage law mandating that marriages be registered through state institutions, and raising the marriageable age to 20 for males and 18 for females.
1951–1952	Three-Anti and Five-Anti Campaigns	The Three-Anti (1951) and Five-Anti campaigns (1952) were urban reform movements targeting capitalists and business owners. They ostensibly aimed to root out corruption, embezzlement, waste, though they also served to purge opposition to the new Communist government.
1951–1953	Withdraw from the Sects movements	A campaign to denounce and suppress secret societies and religious organizations that were viewed as a potential threat to the CCP's authority
1953	New Three-Anti Campaign	

**Source.** JSTOR, Bibliography of Asian Studies.

### U.S. Policies – Post World War II

U.S. policy during the 1950s and 1960s sought to reinforce American strategic interests that were thought to be instrumental to success in the Cold War through “containment” of the Soviet Union. Little direct consideration was given to historical complications experienced by Asian states. Perhaps as an indirect or unintended consequence of U.S. containment policies that focused primarily on the USSR, confrontation between the Peoples Republic of China and the United States took place from 1950 to 1953 in Korea.<sup>24</sup> In *China’s Road to Korea*, Chen Jian states that “Western scholars, strongly influenced by the intensifying Cold War, generally viewed China’s entrance into the Korean War as a reflection of a well-coordinated Communist plot of

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<sup>24</sup>The civil war with Chiang Kai-shek and the National Party was over, foreign influence had been driven from the mainland, and from an ideological perspective, socialism had defeated capitalism. These factors, when considered against Mao’s understanding of external relations, domestic policies, and historical-cultural factors of Chinese ethnocentrism, led to China’s rationale for entering the Korean War. In *China’s Road to the Korean War*, Chen Jian remarks that “Beijing’s decision to enter the war was based on the belief that the outcome of the Korean crisis was closely related to the new China’s vital domestic and international interests.” His ability to control domestic policies rested on perceptions of China’s relationship with other Communist countries, particularly its older sibling, the Soviet Union and its “younger brother,” Korea.

world-wide expansion.”<sup>25</sup> From the perspective of American policymakers, “Beijing’s entrance into the Korean War was regarded as an action subordinate to Moscow’s overall Cold War strategy.”<sup>26</sup> Mao Zedong continued a chorus of anti-imperial, revolutionary fervor to fortify his approaches to domestic practices and policies.

While scholars in the West believed that the CCP’s policy was aggressive, violent, and irrational, there is evidence to suggest that Beijing had not directly participated in the planning for the North Korean invasion and that “Beijing entered the war only after all warnings had been ignored by Washington and General Douglas MacArthur.”<sup>27</sup> In *Decisive Encounters*, Odd A. Westad notes that “China’s entry into the Korean War was the first of many unexpected twists in the history of the People’s Republic. With each of its political turns, most of which were well beyond the horizon in 1950, the Communist state came to shatter the expectations of another group of its citizens.”<sup>28</sup> Despite differing opinions, the North Korean invasion of the South represented the first time that ideology and rhetoric expanded into armed conflict between the United States and China.

Historically, as is the case in more contemporary examples, it is often easy to see U.S. policy both as the source for benign democratization and as the bearer of evil imperialism. According to Chen, policy on both sides of the 38<sup>th</sup> parallel triggered the Korean War. Causes notwithstanding, the Korean War symbolized China’s international rise; “the simple fact that

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<sup>25</sup>Chen Jian, *China’s Road to the Korean War* (New York, NY: Columbia University Press, 1994), 2-3.

<sup>26</sup>*Ibid.*, 2-3.

<sup>27</sup>*Ibid.*, 2.

<sup>28</sup>Odd Arne Westad, *Decisive Encounters: The Chinese Civil War, 1946-1950* (Stanford, CA: Stanford University Press, 2003), 327-28.



Chinese troops forced United Nations troops to retreat from the Chinese-Korean border to the 38<sup>th</sup> parallel allowed China to claim a great victory. For the first time in modern history, China had succeeded in confronting a coalition of Western powers and emerged undefeated.”<sup>29</sup> In contrast, however, Chen’s work in post 1988-1990 source material led to the belief that “Mao and his associates aimed to win a glorious victory by driving the Americans off the Korean peninsula.”<sup>30</sup> Long-held perceptions that China entered the Korean War only in defense of Chinese territory was brought into doubt by China’s early actions.

As more records are made available, a new understanding becomes important. According to Chen, “nearly one month before Inchon, in August of 1950, Mao and the Beijing leadership had been inclined to send troops to Korea, and military preparations had begun.”<sup>31</sup> So, while Mao and the Peoples’ Liberation Army (PLA) sought to engineer regional victory for China, it appears that the manner in which this example was treated historically was as a “reaction” to U.S. policy and ultimately by military action which sought to defend South Korea and U.S. interests there. The point to be drawn is that “Beijing’s decision to enter the war was based on the belief that the outcome of the Korean crisis was closely related to China’s vital domestic and international interests.”<sup>32</sup> More instructive is the impact that this historical conflict had on the region, and how U.S. policy played a crucial role in its development. It underscores that U.S. policy approaches in the Asia-Pacific must consider perceptions by northeast Asian states in future policy decisions because history demonstrates that instability and crisis have, at least once, led to unintended

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<sup>29</sup>Chen Jian, *China’s Road to the Korean War*, 220-21.

<sup>30</sup>*Ibid.*, 3.

<sup>31</sup>*Ibid.*, 3-4.

<sup>32</sup>*Ibid.*, 5.

outcomes between the United States and China. It also highlights just how significant Chinese cultural feelings of humiliation impact actions in the region.

The Korean Peninsula is as important today as it was in 1950. Interestingly, the rubric has changed little in the northern half of the Korean peninsula as it is still fraught with problems, and entangled with outside powers. In “Future Challenges to South Korea’s Security” a chapter in *Beyond North Korea*, Gi-Wook Shin and David Straub note that “the North Korean state is an anachronism, a coelacanth of a country that by a tragic accident of history was bequeathed a Stalinist system in 1945 and whose first leader promoted the development of a Maoist-style cult of personality and a dynasty that persists today.”<sup>33</sup> What has changed from the 1950s era is that while the U.S. has a vital role to play, and its policy decisions here too are significant, it is South Korea that plays a more crucial role with North Korea. By extension, then, U.S. policy and interaction with South Korea becomes prominent in the Asia-Pacific region and by further extension with China. According to Shin and Straub, “[I]n this context, South Korea’s security is important not only to itself but also to peace and stability in northeast Asia and even the world.”<sup>34</sup> The global importance of the Korean peninsula and the intra-regional relationships that form the confluence of northeast Asia remain unaltered.

Also important is the Taiwan issue and the resulting alliances and security relationships which resulted from the Cold War. Following the Chinese civil war, the CCP under Mao Zedong emerged victorious over the Nationalist Party government, causing Chiang Kai-shek to flee to Taiwan, where he maintained international recognition and was able to ally himself with the U.S.

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<sup>33</sup>Gi-Wook Shin and David Straub, “Introduction: Future Challenges to South Korea’s Security,” in Byung Kwan Kim, Gi-Wook Shin and David Straub, ed, *Beyond North Korea: Future Challenges to South Korea’s Security* (Stanford, CA: The Walter H. Shorenstein Asia-Pacific Research Center, 2011), 15.

<sup>34</sup>Ibid., 16-17.

Following the Korean War, the U.S. continued economic and military aid to the Republic of China (ROC), thereby neutralizing the Taiwan Strait, halting a Communist' invasion of Taiwan. In *China's New Nationalism*, Peter Gries articulates how China's victory in 1949 "seemed incomplete and unsatisfying; Taiwan and Hong Kong were not yet 'liberated'; the country was not united. And, because the U.S. had backed the Nationalists, the Communists victory over their corrupt political rivals was not particularly glorious."<sup>35</sup> The PRC currently claims Taiwan as a province, and has threatened to regain control. Here too, U.S. policy affects the region. Governed by the Six Assurances of the Taiwan Relations Act, the U.S. has emphasized its One China Policy, which places the island in the anomalous position of being part of greater China, but supported by the U.S. in the case of PRC aggression.

Historically, northeast Asian states looked to the United States to resolve difficult problems in the region. It is not surprising then that the U.S. "in effect employed international institutions, military power and economic resources to run the world in ways" that focused on "maintaining Western predominance, protecting Western interests and promoting Western political and economic values."<sup>36</sup> Mahbubani notes that the reluctance of leading Western minds to acknowledge the un-sustainability of Western global domination presents a great danger to the world – and that "the rest of the world is beginning to realize it."<sup>37</sup> This recognition should lead to more inclusive realization by policy-makers that U.S. policy development in the Asia-Pacific is more important now than at any point in the past.

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<sup>35</sup>Peter Hays Gries, *China's New Nationalism*, 57.

<sup>36</sup>Kishore Mahbubani, *The New Asian Hemisphere*, 7-8.

<sup>37</sup>*Ibid.*, 7.

To understand this development requires an understanding of the apparent dichotomy between the “philosophical West” wherein the U.S. and other western nations have added crucially to humanity, and the “material West” that is driven by western concerns over individual state interests and western values.<sup>38</sup> In many ways, this philosophical tension accounts for the possibility of future East-West crisis. In particular, it bears directly on Sino-U.S. relations as China begins to demonstrate more elements of national power. To further develop U.S. policy in the Asia-Pacific, policy-makers must consider historical perspectives of the cultural schism between China and the West which first occurred during the reign of Mao Zedong.

#### Mao Zedong and U.S. Policy

Mao viewed the U.S. as the dominant threat over that of the USSR and employed bellicose rhetoric in his domestic “movements” framed to oppose imperialism and western expansionism? Following the Chinese civil war, Mao Zedong became the foremost leader of China and sought to govern domestically by involving China in international initiatives and conflict. Both U.S. policies and Soviet intentions contrasted with Mao Zedong’s plans to use the region for his own purposes; however, when the CCP was victorious in 1949, Mao sought alignment with the Soviet Union, primarily as a hedge against the United States.

The relationship between China and the Soviet Union was foremost about ideology. Based in Marxism-Leninism, the Soviet Union and China sought to realize the “communist dream.” In *The Sino-Soviet Split*, Lorenz M. Luthi notes that “in 1946, Mao for the first time promoted the theory of the intermediate zone, which envisioned a global united front against

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<sup>38</sup>Ibid., 102-03.

American imperialism.”<sup>39</sup> As the U.S. and the Soviet Union became embroiled in the Cold War, Mao “saw the emerging superpower conflict as an American-Soviet contest for the intermediate zone – the capitalist, colonial, and semi-colonial countries of West Europe, Africa, and Asia; he believed that the USSR was the ‘defender of world peace,’ and thus sought to support the global united front without being a part of it.”<sup>40</sup> Based on the partnerships of party, military, and economic relations, the Sino-Soviet relationship provided China with capabilities for internationalism that it would not otherwise have possessed.

As Mao came to power, he saw the U.S. as a threat to communism and to China directly. In fact, Luthi states that “[A]t the end of 1945, the Chairman came to see the United States as the greatest threat to his aspirations. He understood that East Asians were looking to the U.S. as the true liberator from Japanese militarism.”<sup>41</sup> Interestingly, Soviet intentions in the region were not much better than what Mao perceived U.S. aspirations to be as Stalin attempted to “also extract territorial and economic concessions in Manchuria and Xinjiang.”<sup>42</sup> In fact, “the crucial national narrative of China’s ‘Century of Humiliation’ from the mid-nineteenth century to the mid-twentieth century is central to Chinese nationalism,” both in the late 1940s-1950s and today.<sup>43</sup> Despite a Sino-Soviet relationship fostered in the immediate years after the CCP took control of China, Mao struggled with the post-Stalin regimes as well as with the United States.

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<sup>39</sup>Lorenz M. Luthi, *The Sino-Soviet Split: Cold War in the Communist World* (Princeton, New Jersey: Princeton University Press, 2008), 28-29.

<sup>40</sup>*Ibid.*, 29-30.

<sup>41</sup>*Ibid.*, 29.

<sup>42</sup>*Ibid.*, 29.

<sup>43</sup>Peter Hays Gries, *China’s New Nationalism*, 45-46.

The deepening divide between the USSR and China was in no small part due to warming relations between Khrushchev and the United States as the Soviet Union pushed for peaceful coexistence with the U.S. Because of these issues, by the late 1950s, the CCP began to become more isolated as it lost footing with Moscow. However, worsening relations between China and the Soviet Union were more likely the product of ideological disagreements between Mao and Nikita Khrushchev, de-Stalinization as a product of the February 1956 “Secret Speech,” and most significantly, the result of Chinese domestic politics.<sup>44</sup> Mao Zedong’s reactions to Premier Khrushchev led to increased internal politics, which were “more driven by the boxes within which the Cold War had enclosed him.”<sup>45</sup> Indeed, by late 1959 and into 1960, Mao Zedong’s radical visions of international politics and his constant provocation of Khrushchev caused the Soviet Union to re-evaluate its relations vis-à-vis China.

As a growing Communist state, China played a significant part in the vast changes to the Asia-Pacific region. As China sought to position itself as a world power and as a Communist peer

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<sup>44</sup> As noted by Roderick MacFarquhar and Michael Schoenhals, *Mao’s Last Revolution* (Cambridge, MA: Harvard University Press, 2006), 4-10. The burgeoning split between Moscow and Beijing arose over the appropriate international policies of the Communist bloc and internal politics of Communist nations. From the Chinese point of view, that split began with two speeches delivered by First Secretary Nikita Khrushchev at the Twentieth Congress of the Communist Party of the Soviet Union (CPSU) in February 1956. The second, the notorious “Secret Speech,” a report titled “On the Cult of Personality and Its Consequences,” criticized Joseph Stalin, specifically with respect to the brutal purges of the Soviet military and Communist Party cadres. The report was known as the “Secret Speech” because it was delivered at an unpublicized closed session of Communist Party delegates of the 20<sup>th</sup> Congress of the Communist Party of the Soviet Union with guests and members of the press excluded. The speech was the nucleus of a far-reaching de-Stalinization campaign intended to destroy the image of the late dictator as an infallible leader and to revert official policy to an idealized Leninist model. It immediately angered the Chinese for two reasons, first the attack on Stalin and his “cult of personality” had obvious implications for the cult of Mao, and CCP propaganda quickly differentiated the roles of the two dictators. The other reason for Chinese anger was the likely impact on the world Communist movement. Suddenly to destroy the image of the man who had been the unquestioned leader and the paragon of all virtue for Communists everywhere was seen in Beijing as the height of irresponsibility.

<sup>45</sup> Rana Mitter, *A Bitter Revolution*, 193-94.

of the Soviet Union, it impacted on U.S. strategies in the region. Despite Mao's endless succession of mass campaigns, such as the Hundred Flowers campaign,<sup>46</sup> and the Great Leap Forward,<sup>47</sup> China remained largely isolated from the rest of the world.<sup>48</sup> Through his campaigns, Mao sought to create economic, political, and military strength while denouncing the West, particularly the United States. Despite Chinese domestic politics and international affairs often bordering on the unexplainable, Mao was able to maintain control of the Chinese people through domestic rhetoric and his "Cult of Personality." Most striking perhaps of China's intriguing campaigns was the Cultural Revolution<sup>49</sup> that spanned the ten years between 1966 and 1976.<sup>50</sup> It

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<sup>46</sup>According to Mitter, in a short lived initiative, the Hundred Flowers campaign was an expression of Mao's declaring open season on "constructive criticism" where the goal was to engender greater cultural awareness, more enlightenment from intellectuals, and greater expression of art and science. R. Keith Schoppa, explains that the campaign was quickly followed by the Anti-Rightist campaign, which was a series of campaigns meant to purge "rightists" from within the CCP and abroad, affecting hundreds of thousands of Chinese who spoke out. R. Keith Schoppa, *Revolution and the Past: Identities and Change in Modern Chinese History* (Upper Saddle River, New Jersey: Pearson-Prentice Hall, 2006), 328-31.

<sup>47</sup>The Great Leap Forward followed the Anti-Rightist campaign as a means to increase agricultural pursuits and industrial capability. Cooperative farms were organized into "people communes" for food production and others focused on industrial production using "backyard smelters" to add to steel making capability. The outcome was a mass famine across China from 1958-1961 and vast deforestation of the landscape. For more on this, see Rana Mitter, *A Bitter Revolution: China's Struggle with the Modern World*, (New York, NY: Oxford University Press, 2004), 196-97.

<sup>48</sup>*Ibid.*, 206-08.

<sup>49</sup>See Roderick MacFarquhar and Michael Schoenhals, *Mao's Last Revolution* (Cambridge, MA: Harvard University Press, 2006). Mao launched the Cultural Revolution (known in full as the Great Proletarian Cultural Revolution) in August 1966, at a meeting of the Plenum of the Central Committee. He shut down the nation's schools, calling for a massive youth mobilization to take current party leaders to task for their embrace of bourgeois values and lack of revolutionary spirit. In the months that followed, the movement escalated quickly as the students formed paramilitary groups called the Red Guards and attacked and harassed members of China's elderly and intellectual population. A personality cult quickly sprang up around Mao, similar to that which existed for Josef Stalin, with different factions of the movement claiming the true interpretation of Maoist thought. Some 1.5 million people were killed during the Cultural Revolution, and millions of others suffered imprisonment, seizure of property, torture or general humiliation. The Cultural Revolution's short-term effects may have been felt mainly in China's cities, but its long-term effects would impact the entire country for decades to come. Mao's large-scale attack on the party and system he had created would eventually produce a result opposite to what he intended, leading many Chinese to lose faith in their government altogether.

ultimately did little to expand China's international position nor did it relieve China of its growing isolation after the Sino-Soviet Split, but it did set in motion events that would ultimately allow China to break with the past.

Chairman Mao's mass campaigns did little to cleanse the shame suffered by the Chinese people. To reverse the trend of what he viewed as revisionist direction of Chinese culture, which emphasized expertise rather than ideological purity, Mao Zedong launched the Cultural Revolution. Mitter notes that Mao "was distressed at what he saw as a slackening in revolutionary fervor by the early 1960s. By the mid 1960s, Mao was increasingly at odds with his colleagues' willingness to use themselves as a mediating point between the masses and the Party. Instead, Mao wanted the masses to be brought back directly into the political action."<sup>51</sup> The Cultural Revolution in China, embodied the clash of nationalism and imperialism, which was front and center as Mao announced in 1965 that "too many of the Party's bureaucrats, from the highest levels down, had taken the 'capitalist road' and had let the revolution lose momentum."<sup>52</sup> The early stage of the revolution led to the "purge" of top Politburo members and state officials. Mao appealed to the youth "to take up the challenge of renewing the revolution which their elders had let slip," and encouraged them to "smash the four olds" by which he meant old thinking, old customs, old habits, and old culture.<sup>53</sup> Beyond domestic politics, the Cultural Revolution further isolated China politically and led to problems with regional foes, as well as directly with U.S. policies.

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<sup>50</sup>Rana Mitter, *A Bitter Revolution*, 209-10.

<sup>51</sup>*Ibid.*, 213.

<sup>52</sup>*Ibid.*, 211.

<sup>53</sup>*Ibid.*, 211.



Mao's approach to internationalism became an extension of his domestic policies where his cult of personality was prevalent in each of the initiatives he endorsed. As noted by Luthi, "Mao's radical views on the outside world paralleled a campaign to enhance his personality cult at home."<sup>54</sup> Successful programs were held as moral victories on the part of Mao, while failures were chastised as the result of non-socialists powers. Yet the primary goal seemed to be political: to marshal the people's energy and give them a stake in the making of the new China. The "Chairman" became a master at associating failed outcomes with western imperial interference in China and with those who might oppose the Chinese Communist Party (CCP).<sup>55</sup>

The deteriorating domestic situation in China impacted the Cold War and China's relationship with Japan. The Sino-Soviet relationship soured and the U.S. and USSR sought rapprochement. Japan's relationship with both the U.S. and USSR improved. The result was that Sino-Japanese relations, always tenuous, became even more complicated. In *China and Japan in the Global Setting*, Akira Iriye explains that in theory as the U.S. and Soviet Union redefined their relationship, Japan and China would do likewise based on regional commonality. "In reality, the Asian neighbors became if anything more distanced from each other than at any time since 1949. This condition was because Chinese leadership chose not to support the U.S.-Soviet rapprochement, thereby alienating China from both superpowers, whereas Japan welcomed it and 'fitted' itself into the new scheme."<sup>56</sup> The resulting Sino-Japanese estrangement in regional security affairs "would have become even more serious if it had been accompanied by acute

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<sup>54</sup>Lorenz M. Luthi, *The Sino-Soviet Split*, 161.

<sup>55</sup>R. Keith Schoppa, *Revolution and the Past: Identities and Change in Modern Chinese History* (Upper Saddle River, New Jersey: Pearson-Prentice Hall, 2006), 331.

<sup>56</sup>Akira Iriye, *China and Japan in the Global Setting* (Cambridge, MA: Harvard University Press, 1992), 112-113.

economic and cultural tensions.”<sup>57</sup> Iriye goes on to stress that had the Sino-Soviet alliance remained solid the global military balance might have been tipped in favor of that partnership against the Western bloc. U.S. policy was focused more predominantly on the Soviet threat during the Cold War and thus approaches in this case could have just as easily suffered dire consequences had the Sino-Soviet relationship been sustained.

### Modernization and a New Chinese Direction

Mao Zedong passed away in September 1976. Following the Sino-Soviet split, Chairman Mao’s death, and economic and cultural bankruptcy, the Middle Kingdom needed to change. Having been the target of two different purges during Mao’s reign, Deng Xiaoping was introduced as Mao’s successor inheriting a “dysfunctional and backward economy and a nation with over 900 million people exhausted from repeated political movements and constant preparation for war against the United States, the Soviet Union, and hostile neighbors.”<sup>58</sup> In 1977-78, under the leadership of Deng Xiaoping, China began to move away from Maoism and by the late 1980s toward its potential as a global economic leader.

As China began to change following the Cultural Revolution, Deng Xiaoping introduced new approaches which would prove to be the basis for China’s current global economic strength and growing military power. By launching his “Four Modernizations,” Deng sought to shape China’s future in the areas of agriculture, industry, science and technology, and in the military.<sup>59</sup> Deng emphasized an “export-driven market economy” that has now registered over three decades

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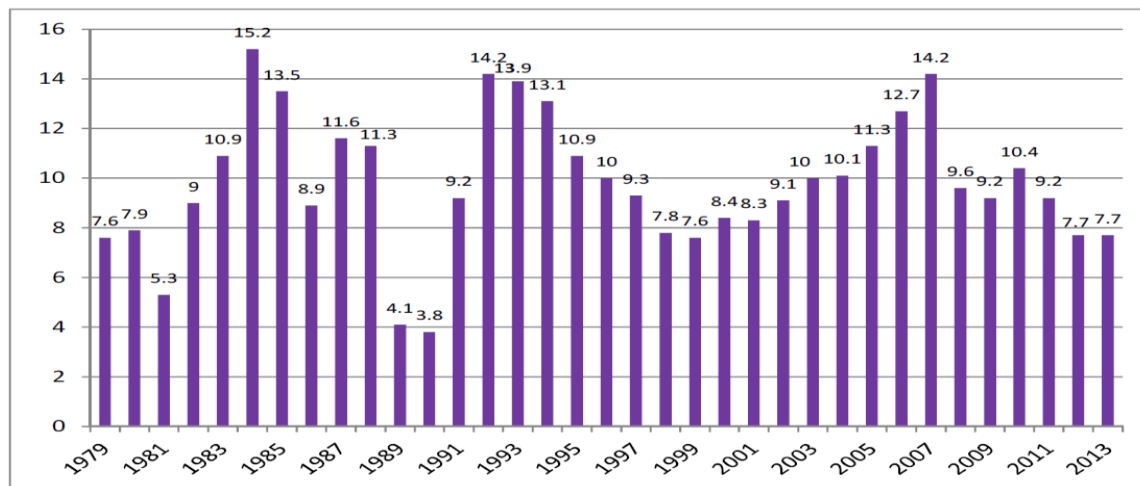
<sup>57</sup>Ibid., 112.

<sup>58</sup>David Lai, *The United States and China in Power Transition*, 44-45.

<sup>59</sup>Kishore Mahbubani, *The New Asian Hemisphere*, 52-59.

of annual double-digit growth in Chinese Gross Domestic Product (GDP) from 1979-2013, as reflected in Table 2. China has become a magnet for relocation by East Asia's richest, most technologically advanced economic states, including Japan, South Korea, and Taiwan.<sup>60</sup> It's decision to open its markets and continue close partnerships with regional partners has proven successful for China's new international status. In fact according to Wayne M. Morrison, in "China-U.S. Trade Issues," economic and trade reforms begun in 1979 have helped transform China into one of the world's fastest-growing economies. China's economic growth and trade liberalization, including comprehensive trade commitments made upon entering the World Trade Organization (WTO) in 2001, have led to a sharp expansion in U.S.-China commercial ties.<sup>61</sup>

Table 2 Chinese Real GDP Growth 1979-2013



**Source.** Economist Intelligence Unit and official Chinese government data.<sup>62</sup>

<sup>60</sup>Donald Keyser, "Regional and Global Challenges to South Korea's Security" in Byung Kwan Kim, Gi-Wook Shin and David Straub, ed, *Beyond North Korea: Future Challenges to South Korea's Security* (Stanford, CA: The Walter H. Shorenstein Asia-Pacific Research Center, 2011), 30.

<sup>61</sup>Wayne M. Morrison, "China-U.S. Trade Issues," Congressional Research Service (CRS), (Washington, DC: CRS Report RL 33536 for Congress, 10 February 2014).

<sup>62</sup>Wayne M. Morrison, *China's Economic Rise: History, Trends, Challenges, and Implications for the United States*, (Washington, DC: CRS Report RL 33534 for Congress, 3 February 2014), 3-6. For

Economic, industrial, and technological modernization has enabled China to rise above its historical “humiliations.” However, achieving the level of respect it desires as a sophisticated world power has been slow. Full modernization has required China to promote economic reform, advance democratic ideals, and remodel its world outlook with international norms. While China may have abandoned strict Marxism, political leaders use “political religion” to support the Communist regime. As described by Jiping Zuo in “Political Religion: The Case of the Cultural Revolution in China,” the massive student-led democracy movement that lasted from April through June of 1989 was “China’s biggest pro-democratic rally in the contemporary era.”<sup>63</sup> For weeks prior to the event, hundreds of thousands of protesters flooded Tiananmen Square, the symbolic center of China. The increase in determination manifested itself in a highly publicized hunger strike.<sup>64</sup> That the Chinese government had to resort to bullets and tanks to end the demonstrations suggested that there had been a fundamental change in China since the Cultural Revolution. Jiping noted that for the first time in Chinese history, intellectuals as a group challenged political authority, urging the government to reform.<sup>65</sup> The 1980s advances linked changes to the historic May Fourth movement, bringing about social and economic changes, as China continues to mature.

History is replete with examples of Chinese rise and fall, revolt, rebellion, turmoil and campaign calamities. The direction that China takes now, and the way that U.S. policy-makers

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general information on U.S.-China political ties, see CRS Report R41108, *U.S.-China Relations: An Overview of Policy Issues*, by Susan V. Lawrence.

<sup>63</sup>Jiping Zuo in “Political Religion: The Case of the Cultural Revolution in China,” *Sociological Analysis*, 52, no. 1 (Spring, 1991), 99-110.

<sup>64</sup>Craig Calhoun, *Neither Gods nor Emperors: Students and the Struggle for Democracy in China* (Berkeley, CA: University of California Press, 1994), 62-65.

<sup>65</sup>Jiping Zuo in “*Political Religion*,” 109.

embrace those approaches, will serve as an indicator of whether China is able to take on the role as a responsible and transparent Great Power and, with that, global stewardship. China has approached its “modernization” by embracing science, technology, economic development, and most recently military “hard” power. In “Implications of the Rise of ‘Confucian’ East Asia,” Tu Weiming notes that through its “Reform and Open” policy, China has joined the restless march toward wealth and power.<sup>66</sup> How Chinese leaders apply current success toward China’s more contemporary history will determine its sustainability. As Weiming states, “whether or not China will successfully muddle through this critical transition is vitally important for the global community.”<sup>67</sup> Despite its history, China is now a leading state power with the economic strength and a growing political and military capability to participate on equal footing with the great powers of the world.

China is now the second most powerful country in the world. According to David Lai in *The United States and China in Power Transition*, “in three vital measures of national wealth and viability, gross domestic product, trade, and energy consumption, it ranks second after the United States. China overtook Germany to become the second largest trading nation in 2008; it surpassed Japan in GDP in 2010, and in iron and steel production it is the largest in the world.”<sup>68</sup> Its ongoing modernization remains focused in four major areas: new forms of agriculture that support a growing population, industry capable of sustaining economic growth, science and technology that continues to perpetuate China’s technological position in the world, and a national defense budget that continues to outpace most other countries. Maintaining U.S.

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<sup>66</sup>Tu Weiming, “*Implications of the Rise of ‘Confucian’ East Asia*,” 212-13.

<sup>67</sup>*Ibid.*, 213-14.

<sup>68</sup>David Lai, *The United States and China in Power Transition*, 45.

influence in the Asia-Pacific requires better recognition of the changes in regional demographics and the geo-political landscape.

China's growing power, coupled with the historic baggage of its "century of humiliation" has provided the basis for possible conflict in the region. The most relevant example is in the South China Sea and East China Sea where competition for natural resources and territorial disputes are becoming more common. In "Staking Claims and Making Waves in the South China Sea: How Troubled are the Waters," Alice D. Ba noted that there has been relative calm in this century, but the long running disputes present challenges to regional relations.<sup>69</sup> Historical claims and states' interest in natural resources provide the impetus for continuing strife and could be the catalyst for unintended conflict in the Asia-Pacific.

Drawing from historical cleavages, Chinese resentment, fear, and anger over Japanese actions during the 19<sup>th</sup> and early 20<sup>th</sup> century remain vivid reminders of Chinese humiliation and sensitivity over territorial disputes about the Senkaku/Diaoyu islands remain. According to James Dobbins in "Conflict with China: Prospects, Consequences, and Strategies for Deterrence," U.S. goals in the event of a Sino-Japanese dispute would be to help defend Japan and, not incidentally, make the case that the U.S. remains the preferred security partner in Asia, despite China's "rise."<sup>70</sup> However, any scenario that disrupts stability in the region is cause for major U.S. concern as American interests and obligations could draw it into conflict with China.

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<sup>69</sup>Alice D. Ba, "Staking Claims and Making Waves in the South China Sea: How Troubled are the Waters," *Contemporary Southeast Asia* 33, no. 3, (2011), 269-91. At the time of this writing, tensions escalated when China tried to assert mineral rights in what was thought to be Vietnam's territorial seas.

<sup>70</sup>James Dobbins, David C. Gompert, David A. Shlapak, and Andrew Sobell, "Conflict with China: Prospects, Consequences, and Strategies for Deterrence," (Washington, DC: RAND Corporation, Arroyo Center, 2011), 4.

Chinese economic strength in the Asia-Pacific region provides the basis for global power. The region holds vast quantities of natural resources, including natural gas and oil, fishing rights, and maritime commerce; due to ongoing territorial disputes, however, the abundance of these resources remain unrealized. Disputes over island chains in both the South China Sea and East China Sea form the basis for territorial claims by up to six countries.<sup>71</sup> Despite states' desires to extract economic resources, no single nation is currently able to access them. Predictions about the possibility for regional conflict stem from the intention of states to profit from those resources; paradoxically, competition for resources continues despite the inability for any state to control them.

As noted in the U.S. Secretary of Defense's annual update to the U.S. Congress, China's leaders characterize the first two decades of the 21st century as a "strategic window of opportunity."<sup>72</sup> They assess that during this period, both domestic and international conditions will be conducive to expanding China's "comprehensive national power," a term that encapsulates all elements of state power, including economic capacity, military might, and diplomacy.

For its part, China has the opportunity to move out of the shadows of its history and position itself as an international power. According to the Chinese Information Office of the State Council, China sees a need for development and modernization in the region. In the view of Chinese leaders, much as with U.S. leaders, the Asia-Pacific region has become an increasingly

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<sup>71</sup>China, Vietnam, Philippines, Brunei, and Malaysia all claim territory in the South China Sea. China and Japan exercise territorial claims in the East China Sea.

<sup>72</sup>U.S. Secretary of Defense, *Annual Report to Congress: Military and Security Developments Involving the People's Republic of China 2013*, (Washington, DC: Office of the Secretary of Defense, 2013), 15.

significant stage for world economic development and strategic interaction between major powers. From the Chinese viewpoint,

China's security and development are closely connected with the peace and prosperity of the world as a whole. To that end, China's armed forces have always been a staunch force upholding world peace and regional stability, and according to current Chinese policy will continue to increase cooperation and mutual trust with the armed forces of other countries, participate in regional and international security affairs, and play an active role in international political and security fields.<sup>73</sup>

Not surprising, China's leaders anticipate that the successful expansion of comprehensive national power will serve China's strategic objectives, which include: perpetuating Chinese Communist Party (CCP) rule, sustaining economic growth and development, maintaining domestic political stability, defending national sovereignty and territorial integrity, and securing China's status as a great power.<sup>74</sup> This window of economic growth and modernization in China can be viewed by the U.S. as competition or more positively as an opportunity for cooperation with China. U.S. policy-makers have an option to trade on current economic and political strength to continue the current prosperity in the region, or face potential crisis between super-powers.

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<sup>73</sup>The Chinese Information Office of the State Council, *The Diversified Employment of China's Armed Forces*, (Beijing, China: White Paper, 16 April 2013), Section IV.

<sup>74</sup>U.S. Secretary of Defense, *Annual Report to Congress 2013*, 15.



## ECONOMICS AND POLICY: CRISIS OR COOPERATION IN THE ASIA-PACIFIC

Whoever dominates the sea dominates world trade; whoever dominates world trade dominates the Golconda [a location of great wealth]; whoever dominates the Golconda dominates the world. . . . Boost the shipping industry to expand the navy, let our national navy keep pace with the big powers and get into the rank of first-class powers. The only way for China to become prosperous is to develop its military arms.<sup>75</sup>

—*Sun Yat-sen*,

Founder and first President of the Republic of China

U.S. policy decision making in the Asia-Pacific during this and the next decade will directly affect American primacy in the region for the next thirty to fifty years. As stated by David Shambaugh, “the Asia-Pacific region has long been a high priority for the United States, but not always the *highest* priority.”<sup>76</sup> When the Obama administration ushered in the “Pivot” it set in motion a tidal wave of challenges to the status quo.

American foreign policy in the Asia-Pacific region must rely on national strength that goes beyond military power. More than previously appreciated, economics plays a titanic role in shaping power politics and neutralizing regional strife. This observation emphasizes the degree to which northeast Asia is beset with physical, economic, political, and military hazards that require a delicate approach from U.S. decision makers. Historically, U.S. influence in the Asia-Pacific region was important to establishing the foundations of state economic strength. Asian economic power has, however, been maturing since the “East Asian Economic Miracle” of the 1960s and

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<sup>75</sup>Wanli Yu, “The American Factor in China’s Maritime Strategy,” in Andrew S. Erickson, Lyle J. Goldstein, and Nan Li, eds., *China, the United States, and 21st Century Sea Power*, (Newport, RI: Naval Institute Press, 2010), 479-80.

<sup>76</sup>David Shambaugh, “Assessing the US ‘Pivot’ to Asia,” in the *Strategic Studies Quarterly* 7, no. 2, (Summer 2013), 10-19.

1970s.<sup>77</sup> The East Asian boom was actually three booms on different levels.<sup>78</sup> Now, U.S. policy must possess both strategic and operational effectiveness to garner the loyalty of regional partners. Notably, both qualities are complementary, not antithetical, and are necessary for successful American policy in the region. Because China is currently experiencing immense economic power, beyond most of the regions leading powers, its ability to rise above its history of national humiliation and lead among equals will also play a major part in U.S. policy decisions.

U.S. economic interests in the region are of vital concern and has led the U.S. to adjust its national strategy to the Asia-Pacific region. Notably, the U.S. is interested in continuing a long history of trade with leading states in northeast Asia. Correspondingly, the region became the United States' leading trading partner in 1977 and currently the U.S. does more than twice the trade with Asia than it does with Europe. In fact, as shown in Table 3, "in 2012, U.S. trade with

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<sup>77</sup>See E. S. Browning, "East Asia in Search of a Second Economic Miracle," *Foreign Affairs* 60, no. 1 (Fall, 1981), 123-147. The group of eight countries and city-states that in the 1960s and 1970s had created or tagged along on what came to be called the East Asian Economic Miracle: South Korea, Taiwan, Hong Kong, Singapore, the Philippines, Thailand, Indonesia and Malaysia. All were in their own ways trying to imitate Japan's success through rapid industrial growth and heavy foreign borrowing. They had weathered the quadrupling of oil prices and the world recession of the early 1970s, but since the further doubling of oil prices and the onset of fresh world recession in 1979 and early 1980, many of the high performers had trouble coping. Several of them, notably South Korea, had to lower their economic sights and adjust their growth and development plans downward. As the world as a whole has slipped into a disappointingly erratic economic performance, these heavily trade-dependent countries have seen the Japanese ideal fade.

<sup>78</sup>Ibid., 124-25. On the highest level is Japan, whose economy for years grew at an annual average of more than ten percent, slowing down only after 1973. The next level consists of two pairs of countries: the industrial states South Korea and Taiwan, and the bustling city-states of Hong Kong and Singapore. All of which grew economically from 1960 through 1978 at almost identical average rates of about nine percent per year. South Korea and Taiwan, formerly agricultural countries that suffered five decades of Japanese colonial rule, transformed themselves into heavy exporters of manufactured goods. The details of their economies have been sharply different, however, and they are also much different in size and geography. Singapore and Hong Kong, dots on the East Asian coast, rode with the region's success to become prosperous and freewheeling financial and service centers of global importance, with some manufacturing as well. The final tier consists of four countries that are trying to move into the labor-intensive industries: the Philippines and Thailand, agricultural countries that do not export oil, and Indonesia and Malaysia, agricultural countries that do.

Asia totaled a stunning \$14.2 trillion.”<sup>79</sup> As comparison, Table 4 reflects the increase from 2012 to 2013 – in one year, the amounts continued to rise. Indeed, since 2000, Asia has become the U.S.’ largest source of imports and second largest export market outside North America. Today, the U.S. trades more with South Korea than with Germany, more with Singapore than with France, and more with Japan than the Britain, Germany, and France combined.<sup>80</sup> As stunning as these numbers are, it took a wave of Chinese involvement with U.S. allies and partners to heighten American policy makers’ level of interest to move toward a rebalance of the status quo. The U.S. can no longer take for granted its economic influence in the region.

Table 3 U.S. trade in goods with Asia, 2012 (Note: all figures in millions of U.S. dollars on a nominal basis, not seasonal adjusted unless otherwise specified)

Month	Exports	Imports	Balance
January 2012	33,681.2	78,021.3	-44,340.1
February 2012	36,435.9	69,002.5	-32,566.7
March 2012	40,996.7	77,616.4	-36,619.7
April 2012	37,085.2	79,445.2	-42,360.1
May 2012	37,431.8	83,625.8	-46,194.0
June 2012	39,395.9	81,513.9	-42,118.1
July 2012	35,538.0	86,037.4	-50,499.3
August 2012	37,135.5	83,516.8	-46,381.3
September 2012	37,657.2	81,156.4	-43,499.3
October 2012	38,809.7	86,622.8	-47,813.1
November 2012	39,391.3	83,334.2	-43,942.9
December 2012	42,949.2	76,567.8	-33,618.6
<b>TOTAL 2012</b>	<b>456,507.5</b>	<b>966,460.7</b>	<b>-509,953.2</b>

**Source:** U.S. Department of Commerce, U.S. Census Bureau. Also available at: <http://www.census.gov/foreign-trade/balance/c0016.html> (accessed 21 April 2014).

<sup>79</sup>“2012: U.S. Trade in Goods with Asia.” Also available at: <http://www.census.gov/foreign-trade/balance/c0016.html> (accessed 28 May 2014).

<sup>80</sup>David Shambaugh, “Assessing the US ‘Pivot’ to Asia, 10-19.

Table 4 U.S. trade in goods with Asia, 2013 reflecting increases from 2012 to 2013 (Note: all figures in millions of U.S. dollars on a nominal basis, not seasonal adjusted unless otherwise specified)

Month	Exports	Imports	Balance
January 2013	37,508.1	80,652.5	-43,144.4
February 2013	37,523.5	71,998.1	-34,474.7
March 2013	41,720.0	71,910.8	-30,190.8
April 2013	36,625.9	78,966.9	-42,341.0
May 2013	38,926.4	82,547.4	-43,621.0
June 2013	40,608.1	79,189.5	-38,581.3
July 2013	36,062.4	85,919.6	-49,857.2
August 2013	39,246.1	84,935.2	-45,689.1
September 2013	37,769.6	83,755.8	-45,986.2
October 2013	43,713.6	88,977.2	-45,263.6
November 2013	43,181.2	83,158.7	-39,977.5
December 2013	43,016.7	80,364.8	-37,348.0
<b>TOTAL 2013</b>	<b>475,901.7</b>	<b>972,376.5</b>	<b>-496,474.</b>

**Source:** U.S. Department of Commerce, U.S. Census Bureau. Also available at: <http://www.census.gov/foreign-trade/balance/c0016.html> (accessed 22 April 2014).

As the U.S. broadens its approach in the Asia-Pacific, developing a successful strategy that consolidates the elements of national power is essential to achieving economic and political goals. In their article in *Joint Force Quarterly*, Michele Flournoy and Shawn Brimley made clear a common perception that the U.S. “lacks a comprehensive interagency process that takes into account both the character of the international security environment and its own ability to deal with future challenges and opportunities.”<sup>81</sup> To overcome this deficit, the U.S. must focus on

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<sup>81</sup>Michele A. Flournoy and Shawn W. Brimley, “Strategic Planning for National Security: A New Project Solarium, *Joint Force Quarterly* 41 (2nd Quarter 2006), 80-81. Michèle A. Flournoy is a Senior Adviser at the Center for Strategic and International Studies and was Principal Deputy Assistant Secretary of Defense for Strategy and Threat Reduction and Deputy Assistant Secretary of Defense for Strategy. Shawn W. Brimley is a Research Associate at the Center for Strategic and International Studies.

critical tasks that *can* be achieved in the near term and those that it must address with long-range strategic planning and innovative policy.

According to David Shambaugh in “Assessing the US ‘Pivot’ to Asia” the U.S. must (a) allocate sustained resources necessary to the effort; (b) maintain sustained diplomatic attention to the effort; (c) balance bilateral ties with multi-lateral ones; and perhaps most important, (d) it should not premise policy on countering China, but should instead continue to engage the Peoples’ Republic of China in a comprehensive fashion. He also makes the point that “no Asian nation wishes to be drawn into an anti-China coalition or be put in the position of ‘choosing’ between Washington and Beijing.”<sup>82</sup> Finding unifying ground with potential adversaries and maintaining relationships with current friends requires a whole of American government approach that recognizes past experiences and partners’ concern about China, as well as long term U.S. intentions. Achieving both while remaining free from conflict with potential adversaries, in particular China, will help maintain stability in the region, and, in theory, foster continued progress.

#### Balancing Economic Independence and Trade Agreements

More than ever, northeast Asia is the focal point for global economic growth with China at the center. Since 1979, China has been rapidly becoming an integral part of the international economic system. In “The Rise of ‘Confucian’ East Asia,” Tu Weiming notes that “[M]ore than thirty percent of the Chinese economy is tied to international trade. Village-township enterprises, a combination of private entrepreneurial initiatives and public ownership, have been a dynamic

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<sup>82</sup>David Shambaugh, “*Assessing the US ‘Pivot’ to Asia*,” 10-19.

engine for development.”<sup>83</sup> In fact, intra-economies have formed between Hong Kong and Quanzhou, Fujian and Taiwan, and between Shandong and South Korea. Indeed, European, Japanese, and American as well as Hong Kong, Taiwanese, and overseas Chinese investments are also present in virtually all provinces in the PRC.<sup>84</sup> Considering these developments, U.S. leaders should now be primed to seek more contemporary forms of advancing U.S. development in the region, and should incorporate such into policies that seek to restore past successes.

The point that Weiming makes is crucial: the return of Hong Kong to China, the political conflict across the Taiwan Strait, economic and cultural interchanges between intra-regional parties in East Asia, political and economic integration of the Association for Southeast Asian Nations (ASEAN)<sup>85</sup>, and the rise of the Asia-Pacific region will all have a substantial impact on a shrinking global community.<sup>86</sup> Economic trends since the turn of the twenty-first-century have significantly changed the stakes in northeast Asia. Even earlier, U.S. policymakers were slow to recognize the changing dynamic in East Asia, making the current American “rebalance” an awakening of sorts.

As East Asia searches for a second “economic miracle,” the regional architecture has changed. At the core of U.S. concern over the developing regional architecture in East Asia is the growing influence of China. A danger exists that if China comes to dominate regional institutions in East Asia, it could steer them down a path inimical to U.S. interests. Some Asian nations,

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<sup>83</sup>Tu Weiming, “*Implications of the Rise of ‘Confucian’ East Asia*,” 214-15.

<sup>84</sup>*Ibid.*, 214-15.

<sup>85</sup>The Association of Southeast Asian Nations, or ASEAN, is an economic and political association that includes its five 1967 founding members (Indonesia, Malaysia, Philippines, Singapore, and Thailand) plus five countries who joined later (Brunei, Vietnam, Laos, Burma/Myanmar, and Cambodia).

<sup>86</sup>Tu Weiming, “*Implications of the Rise of ‘Confucian’ East Asia*,” 214.

however, are wary of excessive Chinese influence and are hedging and maneuvering against possible Chinese dominance.<sup>87</sup> For example, in December 2012, China joined with the ten members of ASEAN, Japan, South Korea, Australia, and New Zealand in agreement to begin negotiations toward a Regional Comprehensive Economic Partnership (RCEP), which, if concluded, could constitute the world's largest free trade bloc.<sup>88</sup> In fact, according to Sutter, et al, "for years, China has favored regional economic and other groups that focus on Asian participants and simultaneously exclude the United States."<sup>89</sup> As an example, China's Shanghai Cooperation Organization (SCO) includes China, Russia, and four Central Asia governments and several regional observer states. The SCO repeatedly makes statements and adopts policies that oppose U.S. goals in the region.<sup>90</sup> Within this rubric, China could be in a position to control country participant trade patterns, potentially exclusive of U.S. interests.

As shown in Table 5, according to Chinese data, it maintained large trade surpluses with Hong Kong, the U.S., and the European Union (EU), but reported large trade imbalances with Taiwan and South Korea.<sup>91</sup> China's trade data differs significantly from those of many of its trading partners. These differences appear to be largely caused by how China's trade via Hong Kong is counted in official Chinese trade data.

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<sup>87</sup>Dick K. Nanto, *East Asian Regional Architecture: New Economic and Security Arrangements and U.S. Policy* (Washington, DC: CRS Report RL 33653 for Congress, 4 January 2008), 2.

<sup>88</sup>Wayne M. Morrison, *China's Economic Rise*, Report RL 33534, 22-26.

<sup>89</sup>Robert G. Sutter, Michael E. Brown, and Timothy J. A. Adamson, with Mike M. Mochizuki and Deepa Ollapally, "Balancing Acts: The U.S. Rebalance and Asia-Pacific Stability," (Washington, DC: Sigur Center for Asian Studies, *Rising Powers Initiative*, George Washington University, August 2013), 14-15.

<sup>90</sup>*Ibid.*, 14.

<sup>91</sup>Wayne M. Morrison, *China's Economic Rise*, Report RL 33534, 20.

Table 5 China's Major Trading Partners in 2013

Country	Total Trade	Chinese Exports	Chinese Imports	China's Trade Balance
European Union	559	339	220	119
United States	514	368	146	222
ASEAN	443	244	199	45
Hong Kong	401	385	16	369
Japan	312	150	162	-12
South Korea	274	91	183	-92
Taiwan	198	41	157	-116
<b>Total Chinese Trade</b>	<b>4,160</b>	<b>2,211</b>	<b>1,949</b>	<b>262</b>

Source: Global Trade Atlas and World Trade Atlas.<sup>92</sup>

One way to maintain influence in the on-going regional integration of the Asia-Pacific is for the U.S. to remain at the forefront of free trade in the region. With the most dynamic economies in the world, competition is growing to join regional Free Trade Agreements (FTA). As Figure 1 illustrates, different types of trading arrangements exist, based on intensity levels. Beginning with the ASEAN FTA in 1992, momentum to conclude FTAs both among themselves and with countries outside the region has been increasing. Singapore, in particular, already has FTAs with ten nations and is negotiating a half dozen more. Indonesia, Thailand, Malaysia, the Philippines, and Vietnam, all in ASEAN, as well as Japan, South Korea, and Taiwan also have

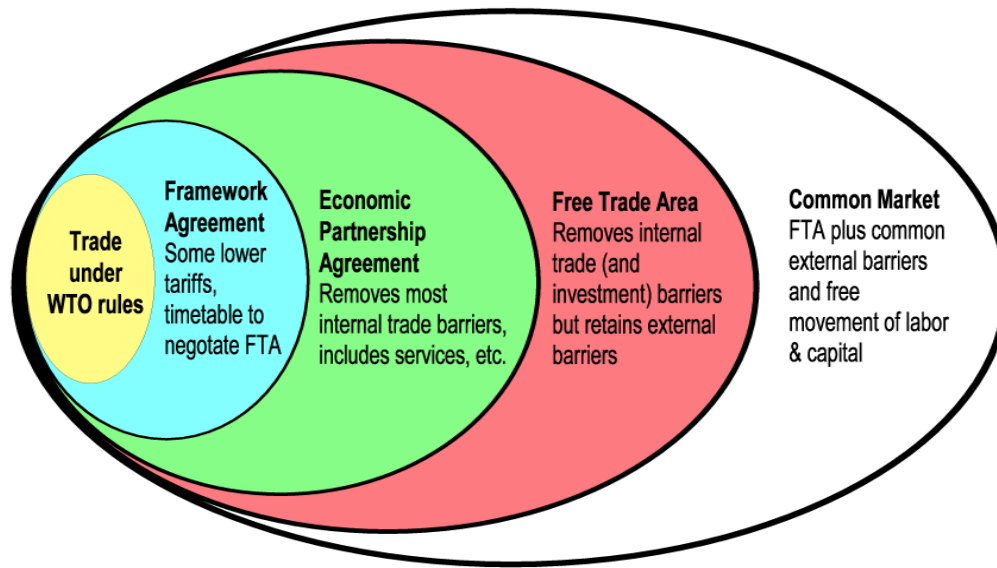
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<sup>92</sup>Ibid., 21-22.



been reaching out to establish free trade with willing partner countries.<sup>93</sup> These developments offer a prime opportunity for adjustments to U.S. policies that counter Chinese influence with economic support to regional partners, but stops short of challenging China outright.

Figure 1 Types of Trading Arrangements by Intensity



**Source:** Congressional Research Center, Washington, DC.<sup>94</sup>

Perceptions of U.S. approaches in the region run the gambit from antagonistic to politically convenient. In “Comment on ‘Regionalism in the Asia-Pacific’ and U. S. Interests,” Yi Okyeon addresses the U.S. approach to trade agreements. He acknowledges the statement that “the U. S. is not as antagonistic as it was in the past about regionalism in East Asia by citing that the U. S. even proposed the Enterprise for ASEAN Initiative (EAI) and promoted FTAs between

<sup>93</sup>Dick K. Nanto, *East Asian Regional Architecture*, Report RL 33653, 2-3.

<sup>94</sup>*Ibid.*, 2.

itself and ASEAN countries.”<sup>95</sup> He notes that the U.S.’ concern with anti-terrorist cooperation led the U. S. to pursue bilateral links with ASEAN countries and points out that the real focus is on whether the U. S. is engaged in an off-shore balancing effort against China through increasing bilateral FTAs around the world.<sup>96</sup> The point remains, the number of FTAs negotiated since 2002 in the Asia-Pacific increased exponentially and China has proposed or is negotiating bilateral FTAs with at least 28 of those countries. Also important is that the U. S. should likely concentrate more on bilateral FTAs in Asia, to the extent that it supports U.S. policy and considers the other elements of national power.

To ensure balanced economic approaches in the region, the U.S. must instigate policies that allow Asian trading partners to sustain harmony with China, while continuing their economic and political relations with the U.S. To do so, policy-makers should identify long-term unilateral or multi-lateral agreements that will ensure strong regional commitments between Asian states and the U.S. Also important to understand, according to Morrison, is that “China’s growing economic power increases its ability to either support U.S. interests or to frustrate them on the global stage.”<sup>97</sup> Beyond economic issues, U.S. interests also include critical topics such as North Korean aggression in the region, climate change, and nuclear proliferation. To ensure U.S. interests, leaders must continue dialogue with China that ensures balanced trade policies in Asia that support continued prosperity, U.S. desires for access in the region, and ongoing trade relations between the U.S. and its trading partners.

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<sup>95</sup>Yi Okyeon, “Comment on ‘Regionalism in the Asia-Pacific’ and U. S. Interests,” *Nanzan Review of American Studies* 30, (2008), 175-83.

<sup>96</sup>*Ibid.*, 179.

<sup>97</sup>Wayne M. Morrison, *China-U.S. Trade Issues* (Washington, DC: CRS Report RL 33536 for Congress, 10 February 2014), 35-36.

Beginning from the first trade discussions in Geneva in 1947 through the successor conferences until the Uruguay Round in April of 1994, the West remained true to its principles and kept the global trading system open.”<sup>98</sup> The significance of the Asia-Pacific region to the U.S., and therefore the reason U.S. policy with China and other leaders in the region is so critical, is that the world is connected by trade and services. In fact, in the twenty-first-century, the world possessed one of the most open trading systems ever seen. Global trade has exploded from seven percent of the world GDP in 1940 to thirty percent in 2005.<sup>99</sup> U.S. policy that leads to continued stability in the Asia-Pacific region lends greatly to American trade interests in the region. Regional history, continued economic success, and military security regimes that build on that cooperation are the basis for deterring crisis and conflict in the region.

The challenge for the U.S. is to continue successful trading relationships through economic incentives and security arrangements, without being perceived as a regional hegemon. Within Asia-Pacific economics, a new “regionalism” is beginning to take shape wherein Asian leaders are forming Intra-Asia economies. This emergence in East Asia was presumably triggered by the 1997 East Asian financial crisis and resulted in further challenges to U.S. policy. First, there was loss of faith in Asia-Pacific Economic Cooperation’s (APEC) capacity to deal with the problems of the time. Then there was intensification of preferential trading initiatives elsewhere, including in North America; finally, adding to these was the failure to launch a new WTO round of trade negotiations in Seattle, which had been so central to APEC’s trade liberalization agenda.

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<sup>98</sup>Kishore Mahbubani, *The New Asian Hemisphere*, 27-28.

<sup>99</sup>Thomas H. Hoenig, “The Global Economy,” Northern Colorado Summit on National Economic Issues, (Loveland: CO, 15 September 2005), 47.

According to Peter Drysdale in “Regional Cooperation in East Asia and FTA Strategies,” “all these developments were used to justify heading off in a new direction to negotiate preferential trade arrangements in East Asia.”<sup>100</sup> As Drysdale highlights, beyond the 1997 crisis, two factors led the East Asian economies to construct frameworks for cooperation in the region. First, was the growth of economic and political interaction among the East Asian economies themselves. Second, was the emergence of a new international economic and political environment after the end of the Cold War. Regional leaders perceived a resurgence of U.S. hegemony that challenged perceptions of the growth of independence and national power within East Asia.<sup>101</sup> The interaction around these two points further illustrates the criticality of U.S. policy-makers’ approaches in the region. One thing is sure, the unity that leaders in the region are building must be better understood by American leaders to achieve long term U.S. policy success.

According to Drysdale, the growth and deepening integration of the East Asian economy is the result of three huge waves of trade and industrial transformation that parallels the Asian “economic miracle.” The first came with the rise of Japan and its emergence as a major industrial power, especially in the first three decades after the Pacific War. The second was led by the newly industrializing economies (NIEs) of northeast and Southeast Asia in the late 1970s and 1980s. Now a third great wave is sweeping the region, led by the remarkable rise of China. These successive waves of trade and industrial transformation have created a new center of East Asian economic power that has begun to rival North America and Europe in terms of its contribution to world output and world trade.

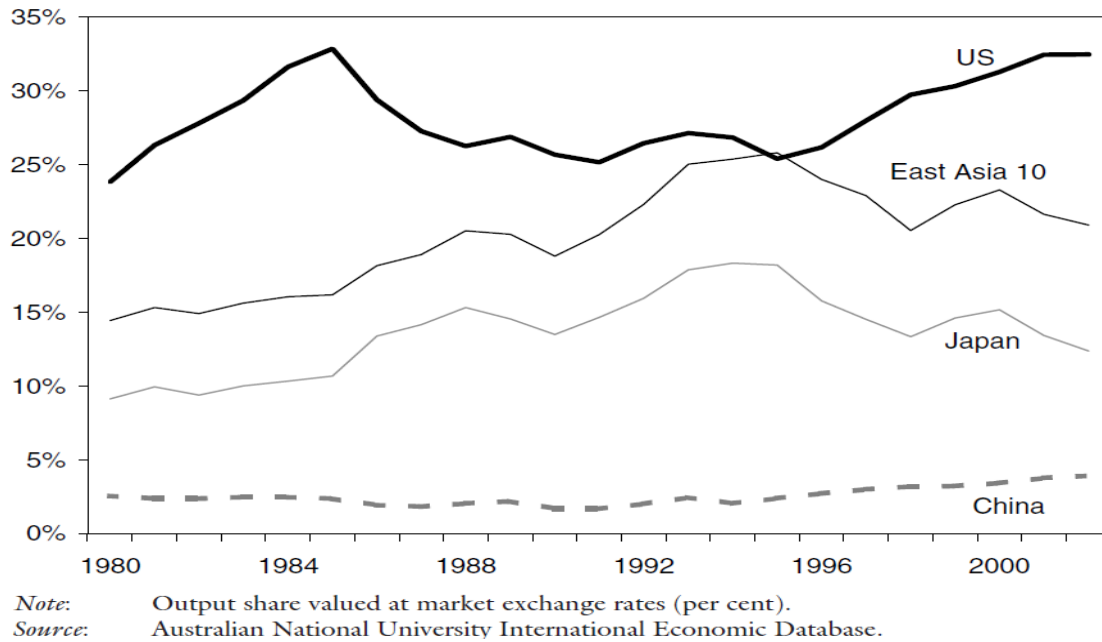
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<sup>100</sup>Peter Drysdale in “Regional Cooperation in East Asia and FTA Strategies,” *Pacific Economic Papers*, no. 344, The Australian National University, 2005, 3-5.

<sup>101</sup>*Ibid.*, 5-6.

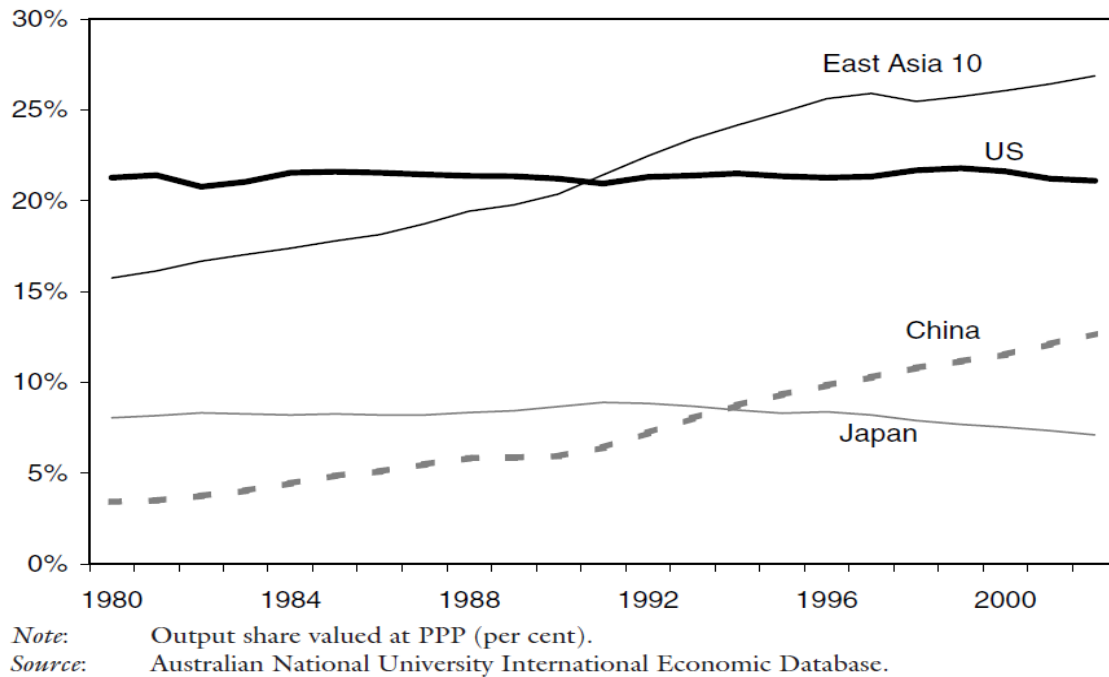
By one measure, the rise of East Asia in the world economy still has a long way to go. As reflected in Figure 2, when national products are valued at current exchange rates, the U.S. economy appears resurgent against a flagging East Asian challenge during the last two decades. Moreover, Japan – by this measure still the second biggest economy in the world – appears to dominate the East Asian economy, accounting for roughly two-thirds of the region’s total output. But this is only one measure of the relative importance of East Asia in the world economy, and probably not the most accurate, because of the way in which current exchange rates, and short-term influences upon them, distort the underlying picture.

Figure 2 East Asian Shares in World Output (View 1)



A better measure uses purchasing power parity (PPP) valuations of national product to estimate the relative size of economies. As shown in Figure 3, East Asia’s share of world output can be seen to have risen substantially from 1980 to 2000, from just over fifteen percent in 1980 to around twenty-seven percent in 2002, overtaking the U.S. by 1993.

Figure 3 East Asian Shares in World Output (View 2)



Moreover, within East Asia, China's share of world output had already surpassed that of Japan by 1994 and, by 2002 its share of world output was already more than half that of the U.S. What is crucial to this understanding is that despite growing commercial ties, the bilateral economic relationship has become increasingly complex and often fraught with tension. From the U.S. perspective, many trade tensions stem from China's incomplete transition to a free market economy. While China has significantly liberalized its economic and trade regimes over the past three decades, it continues to maintain (or has recently imposed) a number of state-directed policies that appear to distort trade and investment flows.<sup>102</sup> Changing Chinese policies necessitates

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<sup>102</sup>Wayne M. Morrison, *China-U.S. Trade Issues* (Washington, DC: CRS Report RL 33536 for Congress, 10 February 2014), 21-22, Summary Page ii.

possible changes in U.S. objectives, efforts with other trading partners in the region, and potential implications for security concerns in the Asia-Pacific region.

### Linking Economic Strength and Regional Security

Regional economic conditions and state power are linked and provide the means for interacting in the international strategic environment. It follows that global politics and state power are inextricably tied to economic strength. The U.S. has long held economic interests in the region. In fact, according to Shambaugh, “Asia is the United States’ most important economic partner and has been for more than three decades.”<sup>103</sup> However, according to Dick Nanto in a CRS Report, *East Asian Regional Architecture: New Economic and Security Arrangements and U.S. Policy*, it is clear that many in Asia wish for an Asian-only organization that would be a counterweight to the European Union and the North American Free Trade Agreement. U.S. interests in Asia, however, are so deeply ingrained and the American presence so large that some argue that its interests need to be represented whenever Asians meet. Consequently, if the U.S. is not there, evidence suggests that China will assume the leadership mantle and work at cross purposes to American interests.<sup>104</sup> To that end, continued U.S. investment in regional enterprises and infrastructure is significant to maintaining its presence for both security and strategic reasons.

Fortifying U.S. economic policy that seeks to bolster partners and allies in the Asia-Pacific is the best approach to buttressing China’s apparent hegemony. China’s neighbors benefit from the U.S. security umbrella, but they also enjoy enticements from China for establishing economic ties. U.S. leaders must continue building economic and political relationships. For

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<sup>103</sup>David Shambaugh, “Assessing the US ‘Pivot’ to Asia,” in the *Strategic Studies Quarterly*, 7, no. 2, (Summer 2013), 11.

<sup>104</sup>Dick K. Nanto, *East Asian Regional Architecture*, Report RL 33653, 3.

example, in Indonesia, Malaysia, and Vietnam, the U.S. established ties for military-to-military relations and military sales. As a result, between 2006 and 2009, the U.S. provided Indonesia with \$47 million to combat smuggling, piracy and trafficking, and helped to install seven radar facilities for maritime security throughout the archipelago and Malacca Strait.<sup>105</sup> This is also accomplished in ways that directly involve U.S. personnel and technology based upon political agreements that promise military support or additional infrastructure, and in some cases direct monetary support.

Political and economic support from the U.S., that often comes in the form of military and security infrastructure, serves many strategic purposes. In fact, as early as 2006, the U.S. Department of Defense *Quadrennial Defense Review* called for additional military assets in the Pacific.<sup>106</sup> Indeed, U.S. investments in “hard” infrastructure throughout the region, led to economic support of allies in the region. For example, the 1999 completion of the deep-draft “Carrier” pier at Singapore’s Changi port facility provided the U.S. modern facilities from which to operate in the South China Sea. Additionally, in 2005, Singapore and the U.S. signed a Strategic Framework Agreement, consolidating defense and security ties and establishing greater cooperation in joint exercises.<sup>107</sup> During the George W. Bush administration, the U.S. developed greater defense cooperation with the Philippines; in fact, between 2001 and 2005, annual assistance to the Philippines increased from \$1.9 million to approximately \$126 million, making

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<sup>105</sup>Carlyle A. Thayer, *Southeast Asia: Patterns of Security Cooperation* (Barton ACT: Australia, ASPI, Strategy Report, September 2010), 43-46.

<sup>106</sup>U.S. Secretary of Defense, 2006 Quadrennial Defense Review, (Washington, DC: Office of the Secretary of Defense, 6 February 2006), 45-48.

<sup>107</sup>Anthony L. Smith, “Singapore and the United States 2004-2005: Steadfast Friends,” Asia-Pacific Center for Security Studies, *Special Assessment* (February 2005) in Robert S. Ross, “US Grand Strategy, the Rise of China, and US National Security Strategy for East Asia,” *Strategic Studies Quarterly* (Summer 2013), 25-27.



it the largest recipient of U.S. assistance in East Asia.<sup>108</sup> To ensure access to the region, the U.S. also contributed to improvements for access to Malaysia's Port Klang in the Strait of Malacca. These and other examples of modernization of U.S. capability and infrastructure have been important to ensuring U.S. relations remained competitive to Chinese ongoing development in the region.

There are also established forums for ensuring economic security in the region. The U.S. has been a member of ASEAN since 1997 and continues to utilize that forum to influence capacity building and for building economic enterprise. ASEAN has become an instrument for launching trans-pacific partnerships and for facilitating bilateral trade agreements.<sup>109</sup> In order to maximize the effectiveness of the forum, "in 2005, the East Asia Summit was established and includes sixteen members: the ten ASEAN states, plus China, Japan, South Korea, India, Australia, and New Zealand. This new multilateral body meets at the head of state level and is continuing to define its role in regional affairs."<sup>110</sup> Through these mechanisms, the U.S. is able to ensure relationships with allies and partners in the region *and* maximize economic objectives. U.S. policy should also stipulate practices to ensure states recognize the importance of U.S. security relationships. Policies must be predicated on states' future collaboration on a *quid pro quo* basis with U.S. political and economic approaches in the region.

In one example, in Vietnam, the U.S. in 2003 began conducting port visits with U.S. warships to Vietnamese cities. To extend that relationship, in 2007, the U.S. introduced non-

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<sup>108</sup>Manila Standard, "RP Now Biggest Recipient of U.S. Military Aid in East Asia." 6 March 2004 in Robert S. Ross, "US Grand Strategy, the Rise of China, and US National Security Strategy for East Asia," *Strategic Studies Quarterly*, (Summer 2013), 26-27.

<sup>109</sup>Carlyle A. Thayer, *Southeast Asia: Patterns of Security Cooperation*, 47.

<sup>110</sup>*Ibid.*, 47-48.

combat hydrographic survey vessels, command ships, and large hospital ships into the port visit plan. Contracts for making regional contact fostered greater coordination between nations and resulted in economic and political ties, and the establishment of repair facilities at Vietnamese shipyards.<sup>111</sup> Along the same lines, more recently in April of 2014, the United States and the Philippines reached a ten year agreement on the use of military bases in the Philippines. According to Mark Landler from the New York Times, “the United States reached a ten year agreement with the Philippines that will give American warships, planes and troops greater access to bases in the archipelago. The accord will give the U.S. more flexibility to project military assets in a region that has become increasingly tense.”<sup>112</sup> This type of engagement, while largely military-to-military, sets the stage for wider application among regional nations.

U.S. engagement in the region has resulted in Chinese re-evaluation of its approach in the region. Perhaps in response to the Trans Pacific Partnership, the U.S.’ ambitious services-oriented free trade agreement with regional partners,<sup>113</sup> China fully intends to exploit, utilize and protect the seas and oceans, and to use the resources and wealth that is derived to build China’s economic and military power.<sup>114</sup> To that end, China began developing A2AD responses to the U.S. even before the policy was officially announced. In fact, China began testing the Obama administrations rebalance policy nearly two years earlier. Twice in 2009, flotillas of Chinese

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<sup>111</sup>Ibid., 44-46.

<sup>112</sup>Mark Landler, “U.S. and Philippines Agree to a 10-Year Pact on the Use of Military Bases,” (New York, NY: *New York Times*, 27 April 2014).

<sup>113</sup>Hamis McDonald, “Assessing the Rebalance: The Evolution of U.S. Interests in Asia,” (draft work in progress report), presented at the Woodrow Wilson Center, (Washington, DC: 10 April 2014). As defined by McDonald, the Trans Pacific Partnerships appears to be a second leg of the U.S. rebalance to the Asia-Pacific, the economic one, is an ambitious services-oriented free trade agreement. America jumped into this arrangement in September 2008 under the George W. Bush administration. It was gingerly picked up by Obama in November 2009, later thrown into the Rebalance mix.

<sup>114</sup>The Chinese Information Office, *White Paper*, Section IV.

fishing vessels harassed U.S. naval survey ships carrying out hydrographic operations within China's 200-nautical mile exclusive economic zone.<sup>115</sup> The bridge between economic issues and regional security often is an issue of seaborne commerce and relies on full access to the global commons.

The Asia-Pacific region is largely a maritime-based economy and the implication of seaborne economies plays an instrumental role in maintaining stability in the Asia-Pacific region. Not surprising then, Chinese economic progress in the Asia-Pacific is tied closely to its regional military activities. The global commons, the high seas and the littoral waters where nearly all human beings currently inhabit and trade, are the confluence of where state economic strategy and military power often meet. In *Monsoon*, Robert D. Kaplan writes that according to some accounts, ninety percent of intercontinental trade and two-thirds of all petroleum supplies travel by sea. He notes that globalization relies ultimately on shipping containers, and the oceans account for nearly half of the entire world's container traffic.<sup>116</sup> Perhaps as important are the shipping lanes where oil is transported.

According to Felipe Fernandez-Armesto, in *Pathfinder: A Global History of Exploration*, throughout history, sea routes have been more important than land ones because they carry goods more economically.<sup>117</sup> To sustain its high economic output and fuel its economy, China must rely on sea routes to answer its energy needs. To continue to import large quantities of oil to fuel its growing infrastructure and military power, China is focused on finding alternate energy resources

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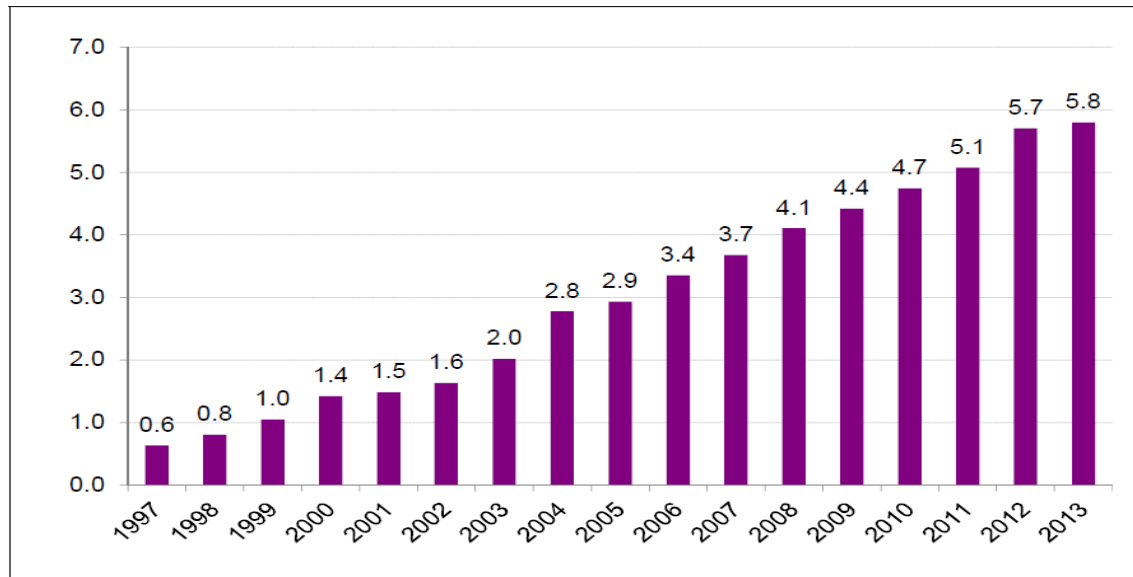
<sup>115</sup>Hamis McDonald, "Assessing the Rebalance."

<sup>116</sup>Robert D. Kaplan, *Monsoon*, 7-8.

<sup>117</sup>Felipe Fernandez-Armesto, *Pathfinder: A Global History of Exploration* (New York, New York: Norton, 2006), 31 in Robert D. Kaplan, *Monsoon*, (New York, New York: Random House, 2010), 7.

in the Pacific.<sup>118</sup> This is crucial to China's economic outlook because China's demand for crude oil doubled between 1995 and 2005, and is proposed to double again by 2020. In fact, as illustrated in Table 6, China is the world's second-largest consumer of oil products (after the United States) at 10.7 million barrels per day (bpd) in 2013, and that level is projected to rise to 16.9 million bpd by 2035.<sup>119</sup> This increase in energy requirements by China also creates competition with Japan and South Korea for oil and resources. How the U.S. deals with the competition between powerful nations in the Asia-Pacific region also impacts on overall U.S. strategies and the policy message broadcast by decision-makers.

Table 6 China's Net Oil Imports from 1997-2013



**Source:** U.S. Energy Administration and China Daily.<sup>120</sup>

<sup>118</sup>Robert D. Kaplan, *Monsoon*, 8-9.

<sup>119</sup>U.S. Energy Information Administration, *Forecasts and Analysis*, at <http://www.eia.doe.gov/oiaf/forecasting.html>. (accessed: 30 May 2014).

<sup>120</sup>*Ibid.*

The message that U.S. leaders must deliver moving forward to 2020 and beyond must be better formulated. It must predict and calculate how Asia-Pacific leaders may interpret U.S. policy and actions. Misjudgments by U.S. policy makers or by Asia-Pacific leaders watching U.S. leaders' actions are not new. The manner in which U.S. policy actions impact regional affairs has previously resulted in ill perceived manifestations. For example, from the “nightmare” that afflicted South Korea, as well as the group of eight other countries and city states in 1980,<sup>121</sup> it is apparent that U.S. policy in the region heavily affected political decision making on the part of regional states.

The U.S. has good reason to revitalize Asia-Pacific partnerships. For more than twelve years, the U.S. focused almost exclusively on the Middle-East conflicts in Iraq and Afghanistan. On her second visit to Asia following President Obama's election in 2008, Secretary of State Hillary Clinton announced, “The United States is back.”<sup>122</sup> In truth, the United States never left Asia, but policy-makers *were* side-tracked. To optimize political and economic objectives in the region and to realize U.S. interests, the U.S. will need to demonstrate why it is important that it is “back” in the Asia-Pacific, what it can do to provide a counter-balance to China, and how it intends to achieve priorities that recognize the long history and culture of those whom live there.

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<sup>121</sup>According to E. S. Browning in “East Asia in Search of a Second Economic Miracle,” in 1973 South Korean technocrats took an aggressive gamble that in 1979-1980 “led to a major economic and political crisis.” According to Browning, they decided to pursue rapid economic growth and investment in capital-intensive heavy industry in response to the Nixon Doctrine of 1971, and fears that President Nixon, and later Carter, might withdraw U.S. forces from South Korea. This led South Korea to invest heavily in defense-related heavy industry and a variety of production processes. In this example, it was a response to a perceived U.S. policy and not direct U.S. action that resulted in regional impacts.<sup>121</sup> For this reason, U.S. policies and political intentions must be closely evaluated for both intended and unintended outcomes.

<sup>122</sup>“Clinton: ‘The United States is Back’ in Asia,” *China Daily*, (22 July 2009).

## U.S. FOREIGN POLICY – REINFORCING “SOFT” POWER

Good has two meanings: it means that which is good absolutely and that which is good for somebody.

—*Aristotle*

There is broad concern that China is the next great threat to the United States’ status as the world’s superpower. Academics and military strategists alike consider the implications of China’s economic and military rise when articulating future U.S. national objectives. In an *Annual Report to Congress*, the U.S. Office of the Secretary of Defense focused heavily on military and security developments involving the People’s Republic of China. The United States Congress too has shown concern, going as far as to require the Secretary of Defense to submit annually a report on military and security developments involving the PRC.<sup>123</sup> If the U.S. is to achieve its stated policies in the Asia-Pacific, it must develop better mechanisms for reinforcing security relationships with friends and allies, and methods for achieving its interests in the region over the interests of other powerful states.

U.S. policy toward China should reinforce international norms and encourage Chinese reforms while simultaneously supporting regional partners and allies. According to a recent CRS report to the U.S. Congress, the U.S. needs to convince China of two imperatives. First, the U.S. must convince China that it has a stake in maintaining the international trading system, and that it should take a more active leadership role in maintaining that system; and secondly, that future

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<sup>123</sup>U.S. Congress, National Defense Authorization Act for Fiscal Year 2010, *Public Law 111-84*, 111<sup>th</sup> Congress (Washington, DC, 28 October 2009). The U.S. Congress too is concerned with China’s perceived intentions. The significance of this report, and others that mimic its findings, is that while necessary it also draws decision makers into a “cone of decision making” that pursues a pessimistic outcome. Recognizing the pessimistic approach by decision makers may offer an opportunity to consider the overall complex that perhaps should be brought to bear, one that instead considers outcomes beyond crisis and conflict.

economic and trade reforms are the best way that China can continue to grow and modernize its economy.<sup>124</sup> Beyond building relationships with regional partners, the U.S. must also better adapt the range of U.S. capabilities to meet those stated objectives, perhaps through development of new approaches.

To determine whether there is a better policy approach available to the U.S. it is necessary to answer a number of related questions. Because the dispute appears to be a matter of perceptions, it is necessary to understand the historical and economic factors that are the sources of Chinese animosity with the U.S., and China's motives for seeking great power status. In that light, it was necessary to understand U.S.-Chinese relations beginning in the mid to late 1940s. The recent record of U.S.-Chinese interaction is enough to reveal issues on which the two have collaborated and those areas where differences are long-standing. That analysis permits examination of the policy approaches the United States has taken to advance achievement of its objectives to improve Chinese-U.S. understanding. A comparison of the issues upon which the U.S. and the PRC have collaborated and U.S. policy approaches makes clear the continuing misperceptions and disagreements. To plot a different approach requires a review of historically significant outcomes and a review of economically based initiatives that provided explanative basis for reaching better U.S. policy.

The U.S. approaches are then compared with contemporary international relations theories to determine whether there are clear alternatives to the current U.S. approach. The result of the analysis is that the U.S. has available alternative approaches. The U.S. should consider three primary areas when determining policy decision-making in the Asia-Pacific region. First,

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<sup>124</sup>Wayne M. Morrison, *China's Economic Rise*, Report RL 33534, 35-36.

more significance should be given to understanding history and cultural dynamics in the Asia-Pacific. Second, recognizing that U.S. economic primacy has diminished in the Asia-Pacific will affect future policy approaches. Third, acknowledging that military might and “hard” power alone cannot answer the more difficult challenges presented there. Thus, pursuing U.S. policy unilaterally in the region may lead to heightened Chinese concerns and could result in unintended consequences and even conflict. Therefore, it is prudent that the U.S. adopt policies and strategies that maximize a Whole of Government (WoG) approach with a reasoned and measured mix of both “hard” and “soft” power. Practices should encompass civilian and military organizations, to include government as well as non-government agencies.

The U.S. concluded a land war in Iraq in December 2011 and is now approaching an end to sustained conflict in Afghanistan. In 2012, the U.S. officially began to rebalance to the Asia-Pacific. In a 2013 interview with *The Diplomat*, the Pacific Command Commander, Admiral Samuel J. Locklear noted that “through rebalancing, the U.S. desires to have the right forces in the right place in the Asia-Pacific, so that peace and security can continue in the region.”<sup>125</sup> As the U.S. President and Secretary of Defense begin to modify the structure of U.S. forces in the region, decision-makers should weigh carefully the potential ramifications of the U.S. focus of effort in the Asia-Pacific and the perceptions of its approach to regional powers.

Most indicators presume that the Asia-Pacific region is a relatively stable environment. Peter Chalk has observed, “[T]he current security environment in Southeast Asia is largely benign. There is practically no risk of a major interstate war in the region, and virtually every government has benefitted from a high degree of internal legitimacy afforded by sustained

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<sup>125</sup> Admiral Samuel J. Locklear, Pacific Command Commander, interview by Sergei DeSilva-Ranasinghe, *The Diplomat*, (13 January 2013).



economic growth.”<sup>126</sup> However, the *status-quo* may be changing. As noted by Alice D. Ba there has been relative calm in this century, but that long running disputes present challenges to regional relations.<sup>127</sup> In fact recent sea-based incidents, as recent as May 27, 2014, involving Vietnam and China could demonstrate that change is happening more rapidly than previously thought.<sup>128</sup>

Despite the apparent calm, the South China Sea is one of the most strategic and heavily occupied waterways in the world and could erupt in conflict at any time. Indeed, the level of traffic in the South China Sea alone is a possible predictor of future problems. Activity alone though is not the sole source of danger on the seas. Its sea lanes have been heavily used for over 2,000 years by fisherman, merchantmen, and warships 2,000 years. In truth, historically, the tiny groupings of islets, reefs, banks, cays, shoals, atolls, and exposed rocks that constitute the Macclesfield Bank, Scarborough Shoal, and Paratas, as well as the Paracel, and Spratly Islands have for decades posed deadly hazards to navigation and have tarred the region with the maritime

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<sup>126</sup>Peter Chalk, RAND Corporation Arroyo Center, *The U.S. Army in Southeast Asia: Near Term and Long Term Roles*, (Washington, DC: RAND Study for U.S. Army Chief of Staff G-8, 2013), vii.

<sup>127</sup>Alice D. Ba, “Staking Claims and Making Waves in the South China Sea: How Troubled are the Waters,” *Contemporary Southeast Asia* 33, no. 3, (2011), 269-91.

<sup>128</sup>Jane Perlez, “China and Vietnam Point Fingers After Clash in South China Sea,” *The New York Times*, (27 May 2014). Tensions in the South China Sea escalated sharply on 27 May 2014 as China and Vietnam traded accusations over the sinking of a Vietnamese fishing vessel in the vicinity of a Chinese oil rig located in disputed waters off Vietnam’s coast. The sinking further aggravated worsening diplomatic and economic friction between China and Vietnam, whose relations have plummeted to the worst point in decades. A Chinese vessel rammed and sank a Vietnamese fishing boat about 17 nautical miles southwest of the oil rig. All ten crew members were rescued. China labeled Vietnam as the aggressor, saying the Vietnamese fishing boat “capsized when it was interfering with and ramming” a Chinese fishing vessel from Hainan, a province of China. Then China accused Vietnam of sabotage and interfering with the operations of the oil rig, which has become a flash point ever since Vietnam learned that the Chinese had anchored the rig in waters contested by both nations.

epithet of “the Dangerous Ground.”<sup>129</sup> What is now occurring is a new approach from China, undeterred by any recognized U.S. policy that indicates a resolve to mediate or resolve those actions.

Incidents in both the South China Sea and the East China Sea, where competition exists for natural resources and territory, are becoming more prevalent. As described by Hamis McDonald in “Assessing the Rebalance: The Evolution of U.S. Interests in Asia,” “[A]ssertion of Chinese sovereignty over disputed island groups, reefs and surrounding waters in the East China Sea and South China Sea is pursued through a number of civilian actors. These include fishermen, thought to be subsidized to maintain a continuous presence, activists impelled by ‘patriotic’ motives, and unarmed (or lightly armed) ships and aircraft operated by civilian government agencies.”<sup>130</sup> China appears to be applying constant pressure, short of high-end military applications, by Chinese civilian elements and agencies to challenge regional claimant states – “as well as the U.S. in the case of Japan and Filipino allies.”<sup>131</sup> How the U.S. seeks to approach these incidents runs the gambit from maintaining a neutral approach, and using the media to denounce China while calling for it to follow international norms, to reassuring allies of U.S. security relationships.

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<sup>129</sup>Jon M. Van Dyke and Dale L. Bennet, “Islands and the Delimitation of Ocean Space in the South China Seas,” Elisabeth Mann Borgese, Norton Ginsburg, and Joseph R. Morgan, eds., *Ocean Yearbook 10* (Chicago, IL: University of Chicago Press, 1993), 65; Chengxin Pan, “Is the South China Sea a New ‘Dangerous Ground’ for US-China Rivalry?” *East Asia Forum*, (May 24, 2011); and Mark J. Valencia, “The Spratly Islands: Dangerous Ground in the South China Sea,” *Pacific Review* 1, no. 4, (1988), 438.

<sup>130</sup>Hamis McDonald, “Assessing the Rebalance.”

<sup>131</sup>*Ibid.*

In “Dangerous Ground: The Spratley Islands and U.S. Interests and Approaches,” Clarence J. Bouchat develops three key legal questions that should be resolved in order to maintain a benign environment: first, sovereignty over the islets must be considered through the lens of international law; secondly, the nature of claimed land features must be subjected to international review; and third, the delimitation of maritime jurisdiction must meet United Nations Convention on the Law of the Sea (UNCLOS) criteria. As he explains, sovereignty is claimed through customary law, with the PRC, Taiwan, and Vietnam using historical precedence to claim the entire South China Sea, while they also use the doctrine of occupation to claim some land features, which is in fact the method that the Philippines and Malaysia also employ.<sup>132</sup> Historical claims present difficulties for determining contemporary boundaries because in most cases, the claims are not supported by contemporary international law and cannot be enforced. As illuminated by McDonald while addressing the Wilson International Center for Scholars:

the era when the ‘status quo’ can be maintained and competing claims put aside is probably ending. Too much symbolism is now involved, and too many loosely-controlled actors are involved. A code of conduct may help – though China is unwilling to agree to anything that might endorse foreign military activity in its Exclusive Economic Zone – but the day of resolution of claims, either in courts, diplomatic negotiations, or by force is steadily approaching.<sup>133</sup>

### The Dynamic has Changed

Historically, the land masses that constitute island chains in the South China Sea, as shown by Figure 4, have been less important than the surrounding water, but that is changing. As Clarence J. Bouchat notes, “the land features are important to these states for security purposes

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<sup>132</sup>Clarence J. Bouchat, “Dangerous Ground: The Spratley Islands and U.S. Interests and Approaches,” *Strategic Studies Institute*, United States Army War College Press, (December 2013), 1-4.

<sup>133</sup>Hamis McDonald, “*Assessing the Rebalance*.”

and because possession of them may be the key to controlling the coveted surrounding waters.”<sup>134</sup>

In fact, according to Bouchat, up to fifty remote military outposts dot these island chains, which draws a connection between economic foundations and increases in disputes that could lead to military conflict.<sup>135</sup> Important in this dynamic is recognizing how U.S. policy has impacted these and other economic based initiatives in the past, and understanding the prevailing connection between economics and security in the Asia-Pacific region.

Figure 4 Map of South China Sea



**Source:** David Lai, *The United States and China in Power Transition*, (Carlisle, PA: *Strategic Studies Institute*, U.S. Army War College, December 2011).<sup>136</sup>

<sup>134</sup>Clarence J. Bouchat, “*Dangerous Ground*,” 1-2.

<sup>135</sup>*Ibid.*, 1-2.

<sup>136</sup>David Lai, *The United States and China*, 127.

U.S. emphasis has typically been on partners and allies in northeast Asia, while evidence suggests that Chinese interests have been focused more in the South China Sea and throughout the Pacific islands. David J. Berteau, et al, stated that, “the stakes are growing fastest in South and Southeast Asia, and to be successful, the U.S. strategic rebalancing needs to do more in those areas, while simultaneously working with major allies in northeast Asia to shore up deterrence capabilities in the wake of emerging anti-access and area denial (A2AD) threats.”<sup>137</sup> According to Bouchet, “freedom of navigation is the most immediate concern for the United States to ensure naval vessels retain all rights of access. Current policies in China, Vietnam, and Malaysia restrict foreign naval activities within their exclusion zones beyond those normally attributed to the United Nations Convention on the Law of the Sea.”<sup>138</sup> Another important factor supporting the need for freedom of navigation goes beyond goods, services, and cooperation with potential adversaries, and bears directly on issues related to control of the seas.

The U.S. is clear on its commitment to supporting its partners and allies. The cusp of the issue is perhaps a question of how much those partners and allies will continue to side with the U.S. if their military and economic existence is threatened by Chinese hegemony. It is, therefore important to recognize Chinese perceptions of U.S. actions and policy in the region, and the reciprocal effect of Chinese actions on the U.S. and its allies. To do so, U.S. policy development and strategic planning should support achieving U.S. interests and sustaining regional stability. One way to achieve its goals is through the use of “soft” power and diplomacy. The U.S. however must be prepared to bolster soft power with other elements of national power, economic

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<sup>137</sup>David J. Berteau, et al, *U.S. Force Posture Strategy in the Asia Pacific*, 5-6.

<sup>138</sup>Clarence J. Bouchat, “*Dangerous Ground*,” 2.

sanctions, and political coalitions that promote international norms. If ultimately necessary, the U.S. must also be prepared to use “hard” power to secure national interests and international freedoms.

There is another “power” that perhaps should be considered when formulating policy approaches. According to Jennie S. Bev in “The Power of American ‘Soft Power,’” the U.S. government has lost its geopolitical epicenter, yet American brands keep the American legend alive. She emphasizes the manner in which a shift has occurred from “public power to private power, from political power to economic power, and from hard power to soft power, with the end of the Cold War as the turning point.”<sup>139</sup> Perhaps the best historical example of U.S. soft power may be found in the Marshall Plan, where following World War II the U.S. aided western Europe to ensure it did not fall under the influence of the Soviet Union. The Marshall Plan was the basis for rebuilding infrastructure, instituting education programs, providing humanitarian assistance, and establishing financial institutions that ensured U.S. interests. Bev goes beyond that, however, including social networking, U.S. branding, and American financial influence in a new type of power.<sup>140</sup> More contemporary examples of recognized soft power include educational exchange programs, humanitarian assistance, and disaster relief initiatives, such as flood control in Pakistan, earthquake support following earthquakes in Haiti and the tsunami in India, and more recently in Japan.

Two years after the Obama administration entered office it presided over the *2010 Quadrennial Defense Review (QDR)*, which largely focused the Department of Defense on winning wars in Iraq and Afghanistan. Moreover, it signaled growing concern about the potential

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<sup>139</sup>Jennie S. Bev, “The Power of American ‘Soft Power,’” *Forbes Magazine* (23 May 2012).

<sup>140</sup>*Ibid.*

long-term decline in America's military preeminence, as the diffusion of modern technology complicated the ability of the U.S. armed forces to operate forward in defense of allies and partners.<sup>141</sup> In 2012, the Obama administration issued new strategic guidance that called for stabilization in the Middle East and a "pivot" to the Asia-Pacific region.<sup>142</sup> In that guidance, the U.S. pronounced the ability to "maintain peace, stability, the free flow of commerce, and of U.S. influence in this dynamic region, in part on an underlying balance of military capability and presence."<sup>143</sup>

By initially focusing the policy on China, President Obama invited Chinese concern over U.S. intentions, but more precisely he focused U.S. resources of national power on the Asia-Pacific. According to Joseph Yun, in "The Rebalance to Asia: Why South Asia Matters," in his Statement before the U.S. Congress, House Committee on Foreign Affairs Subcommittee on Asia and the Pacific, President Obama signaled a provocative U.S. policy change,

our strategic 'rebalance' to the Asia-Pacific region, therefore reflects a deep recognition that the United States must substantially increase its political, economic, development, and defense investments in the Asia-Pacific given the region's fundamental importance to our future prosperity and security." He added that, "We are bound to Asia through our geography, history, alliances, economies, and people-to-people ties, which will continue to grow in importance over the next decade."<sup>144</sup>

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<sup>141</sup>U.S. Secretary of Defense, *2010 Quadrennial Defense Review Report*, (Washington, DC: Department of Defense, Office of the Secretary of Defense, 12 February 2010), V, Intro.

<sup>142</sup>White House, *Sustaining U.S. Global Leadership: Priorities for 21st Century Defense*, (Washington, DC: White House, January 2012), 1-9.

<sup>143</sup>*Ibid.*, 2.

<sup>144</sup>Joseph Yun, Acting Assistant Secretary of State for East Asian and Pacific Affairs, "The Rebalance to Asia: Why South Asia Matters," (Statement before the U.S. Congress, House Committee on Foreign Affairs Subcommittee on Asia and the Pacific, 26 February 2013).

Signaling U.S. strength in the Asia-Pacific requires an amalgam of U.S. efforts that continue to include Asia-Pacific states in coordination activities. Indeed, sustaining peace in the region, while achieving U.S. interests, requires orchestrated policies that maximize soft power, but the U.S. must also be prepared to ensure unflinching military approaches if challenged. Using bi-lateral and multi-lateral theater engagement, the U.S. geographical commander hopes to build opportunities for relationships that will lead to a security environment that guarantees prosperity for partners and allies. Current strategic forums include continuous engagement with partners and allies to build mutual trust and shared interests to meet common goals and objectives.

Supporting U.S. established goals for rebalancing to the Asia-Pacific, the 2014 *Quadrennial Defense Review (QDR)* codified the shift priority to the Asia-Pacific and set new standards for adjusting U.S. forces. In addition to the often cited geo-political rebalancing to the Asia-Pacific, the 2014 QDR specifies ways that the U.S. will seek to prepare for a broad spectrum of possible conflict. Highlighting China's A2AD strategies, the QDR directs the U.S. military to consider future conflicts ranging from hybrid contingencies and asymmetric approaches, to a high-end conflict with state actors having advanced A2AD.<sup>145</sup> The report goes on to say that

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<sup>145</sup>See U.S. Secretary of Defense, *2014 Quadrennial Defense Review*, (Washington, DC: Office of the Secretary of Defense, 4 March 2014), VI-VII and 14-17. Future conflicts could range from hybrid contingencies against proxy groups using asymmetric approaches, to a high-end conflict against a state power armed with WMD or technologically advanced anti-access and area-denial (A2/AD) capabilities. According to the QDR, reflecting this diverse range of challenges, the U.S. military would need to shift focus in terms of the kinds of conflicts it prepares for, moving toward greater emphasis on the full spectrum of possible operations, using experience gained during the past twelve years of counterinsurgency and stability operations in Iraq and Afghanistan. Deterring and defeating cyber threats for example requires a strong, multi-stakeholder coalition that enables the lawful application of the authorities, responsibilities, and capabilities resident across the U.S. Government, industry, and international allies and partners. In addition to countering high-technology threats, DoD will remain able to defend against less advanced but still potentially lethal challenges and be prepared to will be prepared to deter, and if necessary, defend against direct air and maritime attacks. Defeating terrorist attacks in the U.S. from the highly diversified and increasingly networked terrorist threat requires an equally diverse and networked counter effort. Also see, Nathan Freier, "The Defense Identity Crisis: It's a Hybrid World," *Parameters*, Autumn 2009, 1-9. As



“[R]eflecting this diverse range of challenges, the U.S. military will shift focus in terms of what kinds of conflicts it prepares for in the future, moving toward greater emphasis on the full spectrum of possible operations,” and that the U.S. will also continue efforts that seek to preserve peace and stability in a region that is increasingly central to U.S. political, economic, and security interests.<sup>146</sup> However, achieving U.S. goals and ensuring long-term stability among regional actors is complicated by territorial disputes and historical tensions that threaten to erupt into crisis or conflict and may require additional movement of U.S. forces into the region.

U.S. forces are not new in the Asia-Pacific. Since World War II, United States forces have operated with near impunity throughout the region. As noted by Admiral Locklear, “U.S. forces operating in this region, both rotational and forward stationed, are crucial to our strategy in this part of the world and ensure we maintain the right formal presence and are ready to provide assistance to our allies and partners.”<sup>147</sup> Perhaps reinforcing theoretical approaches, the *2014 QDR* stipulates that U.S. armed forces will transform globally, but will continue to operate in close concert with allies and partners to establish norms and to confront common threats. The benefits that can be gained by continuing changes in the in the Asia-Pacific support political goals to the region and enhance security alliances with Australia, Japan, the ROK, the Philippines, and Thailand. In addition, the defense policy includes a commitment to deepening relationships with

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described by Freier, a range of purposeful and contextual hybrid threats will spring from an increasingly “unconventional” operating environment and persistently challenge defense convention. Also see the U.S. Secretary of Defense, 2010 Quadrennial Defense Review, (Washington, DC: Office of the Secretary of Defense, 14 February 2010), 7-10. The term “hybrid” has recently been used to capture the seemingly increased complexity of war, the multiplicity of actors involved, and the blurring between traditional categories of conflict. While the existence of innovative adversaries is not new, today’s hybrid approaches demand that U.S. forces prepare for a range of conflicts.

<sup>146</sup>Ibid., Executive Summary, VIII.

<sup>147</sup>Admiral Samuel J. Locklear, *The Diplomat*, (13 January 2013).

Singapore, Malaysia, and Vietnam, to enhance capacity for addressing growing regional challenges in missile defense, cyber security, space resilience, maritime security, and relief from natural disasters.<sup>148</sup>

Meeting strategic objectives in the region requires decision-makers to become personally familiar with regional state leaders and to sustain those contacts. Annually, the U.S. “facilitates dialogue at both the chiefs of defense level and at lower tiers, with countries with whom the U.S. has ongoing dialogue come together.”<sup>149</sup> The U.S. military hosts an annual Chief of Defense conference which is often held in Hawaii, then reciprocated or co-hosted another year in another country. For example, in 2012, Pacific Command co-hosted a conference with Australia in Sydney. The Chiefs of Defense from most of the countries in and around the Asia-Pacific were invited to have frank discussions on their security interests. Among the invited were the Chiefs of Defense from India, China, Russia, Pakistan, France, and the United Kingdom. According to Locklear, “these are the type of discussions that help with commerce and lead to peace. When these don’t occur that’s when we have problems.”<sup>150</sup> Merely bringing states together at conferences may not be enough. If cooperation and mutual trust fail, the U.S. must be prepared to execute political and military strategy that ensures U.S. interests and sustains the peace.

The United States’ ability to achieve national interests and ensure freedom of navigation and stability in the Asia-Pacific region is complicated by an array of challenges. For example, Chinese anti-access strategies appear to be directed against U.S. capabilities to undermine U.S. vital interests. To ensure leadership in the region, the U.S. must possess the capability to ensure

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<sup>148</sup>U.S. Secretary of Defense, *2014 Quadrennial Defense Review*, 15-17.

<sup>149</sup>Admiral Samuel J. Locklear, *The Diplomat* (13 January 2013).

<sup>150</sup>*Ibid.*

access of the global commons, reinforce security agreements with allies and partners, and if necessary maintain control of the seas.

Beyond reinforcing freedom of navigation in the region, U.S. interests in the South China Sea also extend to substantial opportunities for production of oil and gas, using that waterway as a corridor for global energy. The U.S. also has international responsibility for supporting international law on the high seas. The inherent complexities of the Asia-Pacific region and numerous potential flash points suggest that the U.S. must be prepared for regional crisis. According to Dobbins, et al, “the likelihood of confrontation, accidental or otherwise, between U.S. and Chinese forces is high, with significant potential for escalation.”<sup>151</sup> Beyond conflicts over minor island chains, another possibility is major island defense brought about by a cross-Strait conflict with China where, presumably, the U.S. would be obligated to support contingency operations to prevent Chinese coercion or conquest of Taiwan.

### Chinese Perceptions

Chinese perceptions of U.S. intentions affect the geo-political dynamic in the Asia-Pacific region. According to David Berteau, et al, in *U.S. Force Posture Strategy in the Asia Pacific Region: An Independent Assessment*, U.S. interests in the Asia-Pacific historically were centered on three inter-related themes: “protection of American people, expansion of trade and economic opportunity, and support of universal democratic norms.”<sup>152</sup> Berteau describes how the decline of British maritime power in the Pacific, caused the underlying geostrategic objective of

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<sup>151</sup>James Dobbins, David C. Gompert, David A. Shlapak, and Andrew Sobell, “Conflict with China: Prospects, Consequences, and Strategies for Deterrence,” (Washington, DC: RAND Corporation, Arroyo Center, 2011), 2.

<sup>152</sup>David J. Berteau, et al, *U.S. Force Posture Strategy in the Asia Pacific*, 13.

the U.S. in Asia and the Pacific, at the end of the 19th Century, to become maintaining the balance of power to prevent the rise of any hegemonic state that could threaten U.S. interests by seeking to obstruct American access or dominate the maritime domain.<sup>153</sup> Twenty-First Century U.S. objectives are to maintain peace and stability in the region, wherein the U.S. emphasizes a desire to cooperate with China and other leaders to sustain prosperity in the region.

The Peoples' Republic of China too holds a position on how peace can be achieved and sustained. In a White Paper released by Beijing in April of 2013, entitled *The Diversified Employment of China's Armed Forces*, China states that it values peace in the region. In the paper, China purports to offer "unshakable national commitment and strategic choice to take the road of peaceful development, and pursuit of an independent foreign policy of peace and a national defense that is defensive in nature."<sup>154</sup> The report goes to great lengths to deny any desire for hegemony or power politics, or a desire to interfere in the internal affairs of other countries. According to the white paper, "China will never seek hegemony or behave in a hegemonic manner, nor will it engage in military expansion."<sup>155</sup> In essence, China advocates a security concept featuring mutual trust, mutual benefit, equality and coordination, common security, and cooperative security.

Contrasting the Chinese stated position, China apparently views the U.S. as seeking hegemony in the Asia-Pacific region. This could be based on how the Obama administration's policy in the Asia-Pacific region evolved. According to Robert G. Sutter, et al, in "Balancing Acts: The U.S. Rebalance and Asia-Pacific Stability," when the policy was first announced in

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<sup>153</sup>Ibid., 14-15.

<sup>154</sup>The Chinese Information Office, *White Paper*, Preface.

<sup>155</sup>Ibid.

2011-12, much of the emphasis was placed on military initiatives in the region.<sup>156</sup> China disapproved of these initiatives, and in response took steps to demonstrate its power in maritime territorial disputes with U.S. allies. According to this view, it caused the U.S. to adjust its approach in late 2012, in a way that played down the significance of military initiatives, emphasized economic and diplomatic elements, and called for closer U.S. engagement with China.<sup>157</sup> This presumes the Chinese view of the U.S.’ stated position as being insincere, and leads to concerns about how the two will be able to cooperate in the region.

The Asia-Pacific has become an increasingly significant stage for interaction between major powers. It is clear from Chinese statements, that the PRC blames the U.S. for meddling in the region. Largely shaped by historical experience, China’s view is that, “[T]he U.S. is adjusting its Asia-Pacific security strategy, and the regional landscape is undergoing profound changes.”<sup>158</sup> Indeed, because of the great economic growth in the region, the U.S. has re-shaped its national strategy to include the Asia-Pacific, thereby provoking the dynamic between the two countries. As noted by Berteau, the mix of interdependence and competition has led the U.S. and other nations to adopt a strategy towards Beijing that combines assurance and dissuasion: expanding cooperation and encouraging China to become a more global player, hedging against uncertainties regarding longer-term Chinese intentions.<sup>159</sup> The U.S. and China show legitimate concern regarding the other’s strategic interests, which if not managed may lead to military

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<sup>156</sup>Robert G. Sutter, Michael E. Brown, and Timothy J. A. Adamson, with Mike M. Mochizuki and Deepa Ollapally, “Balancing Acts: The U.S. Rebalance and Asia-Pacific Stability,” (Washington, DC: Sigur Center for Asian Studies, *Rising Powers Initiative*, George Washington University, August 2013), 1.

<sup>157</sup>*Ibid*, 1-2.

<sup>158</sup>The Chinese Information Office, *White Paper*, Preface.

<sup>159</sup>David J. Berteau, et al, *U.S. Force Posture Strategy in the Asia Pacific Region*, 13-14.

approaches for addressing those concerns. Despite both countries stated goals, military projection and preparedness seem to dominate the efforts of both countries.

Not surprising, China also sees a need for development and modernization in the region. In the view of Chinese leaders, much as with U.S. leaders, the Asia-Pacific region has become an increasingly significant stage for world economic development and strategic interaction. From the Chinese perspective, as stated by the Chinese Information Office, “China's security and development are closely connected with the peace and prosperity of the world as a whole.”<sup>160</sup> To that end, China's armed forces have been a “staunch force upholding world peace and regional stability, and according to current Chinese policy will continue to increase cooperation and mutual trust with the armed forces of other countries, participate in regional and international security affairs, and play an active role in international political and security fields.”<sup>161</sup> China’s views on U.S. ambitions, however, are clear as it states “the world is still far from being tranquil and that there are signs of increasing hegemonism, power politics and neo-interventionism.”<sup>162</sup>

Despite much concern for security in the region, China’s perspective seems to be well-stated, though often contradicted by its actions. For example, despite benign statements, aggressive Chinese claims in the waters off China have increased tensions between China, Japan, and Taiwan. Perhaps in defense of these actions, in its white paper, China documented its dedication to enforcing what it deems to be Chinese maritime domains. It made clear the importance of the seas to Chinese development, stating that “seas and oceans provide immense

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<sup>160</sup>The Chinese Information Office, *White Paper*, Section IV.

<sup>161</sup>*Ibid.*

<sup>162</sup>*Ibid.*

space and abundant resources for China's sustainable development, and thus are of vital importance to the people's well-being and China's future.”<sup>163</sup>

The Asia-Pacific is a maritime region that relies largely on the power to secure the seas. Indeed, China views itself as a major maritime force with seas and oceans that provide “immense space and abundant resources for China's sustainable development, and thus are of vital importance to the people's wellbeing and China's future.”<sup>164</sup> So important are the seas to China that it sees them as essential to its national development strategy. Not surprising, Chinese progress in the Asia-Pacific is tied closely to its regional military activities. According to the Chinese white paper, the PLA Navy (PLAN), in combination with its routine combat readiness activities, provides security support for China's maritime law enforcement, fisheries, and oil and gas exploitation. It has established mechanisms to coordinate and cooperate with law-enforcement of marine surveillance and fishery administration, as well as a joint military-police-civilian defense mechanism. It works with domestic agencies to conduct maritime survey and scientific investigation, build systems of maritime meteorological observation, satellite navigation, radio navigation and navigation aids, release timely weather and sea traffic information, and ensures the safe flow of traffic in sea areas of responsibility.<sup>165</sup>

China's approach to safeguarding its interests includes various maritime organizations and forces. Together with its marine Surveillance and Fishery administration departments, the PLAN conducts joint maritime exercises and drills for protecting rights and enforcing laws, and enhanced its capabilities to coordinate command and respond to emergencies in joint military-

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<sup>163</sup>Ibid. Section III.

<sup>164</sup>Ibid., Section IV.

<sup>165</sup>Ibid., Section IV.

civilian operations while safeguarding maritime rights. As an armed maritime law-enforcement body, the border Public Security Force exercises jurisdiction over both violations of laws, rules and regulations relating to public security administration, and suspected crimes committed in China's internal waters, territorial seas, contiguous zones, exclusive economic zones and continental shelf.<sup>166</sup>

Because China views the seas in the region as vital to their national interests, U.S. approaches in the region are widely debated. According to Sutter, et al, “commentators in China and observers elsewhere have suggested that the (U.S.) rebalance was designed to contain China.”<sup>167</sup> While he suggests that this is “a simplistic and, in the case of China, partially contrived, reading of the new policy,” he admits that the U.S. “rebalance” is as much driven to assure U.S. allies, and others in the region that the U.S. still wields influence in the region; despite a decade of war, a weakened U.S. economy, and domestic political problems, and specifically that the U.S. is “not going to disengage from Asia-Pacific affairs.”<sup>168</sup>

Determining whether Chinese perspectives affect others in the region, Sutter suggests that regional powers in northeast, southeast, and south Asia hold separate positions. First, most regional powers have been publicly or privately pleased with a stronger U.S. commitment to the region. Second, those same states are also keen to avoid having to choose between the United States and China. They very much want to have good relationships with both the United States and China.<sup>169</sup> One theme holds true, Chinese perspective has been defined by a growing

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<sup>166</sup>Ibid., Section IV.

<sup>167</sup>Robert G. Sutter, et al, “*Balancing Acts: The U.S. Rebalance and Asia-Pacific Stability*,” 9-10.

<sup>168</sup>Ibid., 9.

<sup>169</sup>Ibid., 17-18.



assertiveness. Perhaps emboldened by its growing wealth and military capabilities, China is no longer willing to quietly accept U.S. influence in the region. A growing maritime capability also indicates that China will use its economic and military strength when dealing with smaller regional states, and possibly the U.S. if needed.

### Territorial Disputes

In the East China Sea, Sino-Japanese relations have become increasingly contentious over territorial claims and natural resources, fueling grave concern and low level crises. China, Japan, and Taiwan each claims territorial sovereignty over the islands. These claims have caused the U.S. to worry that crisis could erupt into conflict. As described in a recent *New York Times* article, starting in the fall of 2012 China began regularly deploying China Maritime Surveillance and Fisheries Law Enforcement Command ships to patrol near the islands and stepped up what it called routine and normal patrols to assert jurisdiction in China's territorial waters. On some days, the ships entered areas that Japan claims as part of its twelve nautical mile territorial waters. Chinese military surveillance planes reportedly have entered airspace that Japan considers its own, in what Japan's Defense Ministry has called the first such incursion in fifty years.<sup>170</sup> The concern, despite U.S. desires for continued peace in the region, is that territorial disputes could draw it into another costly conflict, yet there are few declarations that indicate the U.S. has a comprehensive policy on the issue.

In "The Sino-Japanese Dispute over the Tiao-yu-tai (Senkaku) Islands and the Law of Territorial Acquisition," Cheng Tao states that "although there are claims that Chinese fishermen

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<sup>170</sup>Hiroko Tabuchi, "Japan Scrambles Jets in Island Dispute with China," *New York Times*, 13 December 2012.

used the islets as places of temporary shelter and repair, China never established a permanent settlement of civilians or military personnel on the islets, and apparently did not maintain permanent naval forces in adjacent waters.”<sup>171</sup> Also, in *Senkaku (Diaoyo/Diaoyutai) Islands Dispute: U.S. Treaty Obligations*, Mark E. Manyin states that, the Okinawa Reversion Treaty, which was signed on June 17, 1971, and entered into force on May 15, 1972, provided for the return to Japan of “all and any powers of administration, legislation and jurisdiction” over the Ryukyu and Daito islands, which the U.S. had held under the Japan Peace Treaty.<sup>172</sup> Despite concerns from Japan and other regional neighbors, China continues to insist on what it claims to be legitimate sovereignty rights to large areas of the East and South China Seas. China’s refusal to acknowledge international law or the principles of the United Nations Convention on the Law of the Sea (UNCLOS) serves to fuel the situation further.

Sustaining China’s refusal to observe international norms is that the U.S. has taken no proactive policy stance on the sovereignty claims to the Senkaku Islands, but maintains only that China’s claims are not acceptable under international law. In fact, according to Manyin, any basis for U.S. policy dates back to the Nixon Administration and all U.S. administrations since then have stated that the U.S. takes no position on the territorial disputes.<sup>173</sup> Despite disagreeing with China’s claims, Manyin notes of the U.S. that “it also has been U.S. policy since 1972 that the 1960 U.S.-Japan Security Treaty covers the islets, because Article 5 of the treaty stipulates that the United States is bound to protect ‘the territories under the Administration of Japan’ and Japan

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<sup>171</sup>Cheng Tao, “The Sino-Japanese Dispute over the Tiao-yu-tai (Senkaku) Islands and the Law of Territorial Acquisition,” *Virginia Journal of International Law*, Winter 1974, 244-46, 260.

<sup>172</sup>Mark E. Manyin, *Senkaku (Diaoyo/Diaoyutai) Islands Dispute: U.S. Treaty Obligations* (Washington, DC: CRS Report 7-5700 for Congress, 22 January 2013), 4-5. Treaty on Reversion to Japan of the Ryukyu and Daito Islands, signed Jun. 17, 1971, 23 U.S.T. 446.

<sup>173</sup>Mark E. Manyin, *Senkaku (Diaoyo/Diaoyutai) Islands Dispute*, Summary Page.

administers the Senkakus Islands.”<sup>174</sup> For this and other reasons, the U.S. position straddles the line between deterrence and diplomacy of either defending Japan or possibly jeopardizes relations with China.

Under the treaty, the U.S. guarantees Japan’s security in return for the right to station U.S. troops throughout Japan. Beyond periodic declarations from the U.S. Congress, other administration leaders have attempted to clarify the obviously opaque U.S. position. In 2010, during a worsening of Sino-Japan relations over the islets, Secretary of State Hillary Clinton summed up the U.S. stance by stating, “. . . with respect to the Senkaku Islands, the United States has never taken a position on sovereignty, but we have made it very clear that the islands are part of our mutual treaty obligations, and the obligation to defend Japan.”<sup>175</sup> In reaction to Beijing’s apparent attempt to distinguish between sovereignty and administrative control in the area of the islets, Secretary of State Clinton stated in January 2013, that the United States opposes any unilateral actions that would seek to undermine Japanese administrative control of the islets.<sup>176</sup> The U.S. neutrality position underscores the importance of establishing formal U.S. policy in the Asia-Pacific that addresses the causes of disputes and makes clear U.S. objectives and intentions.

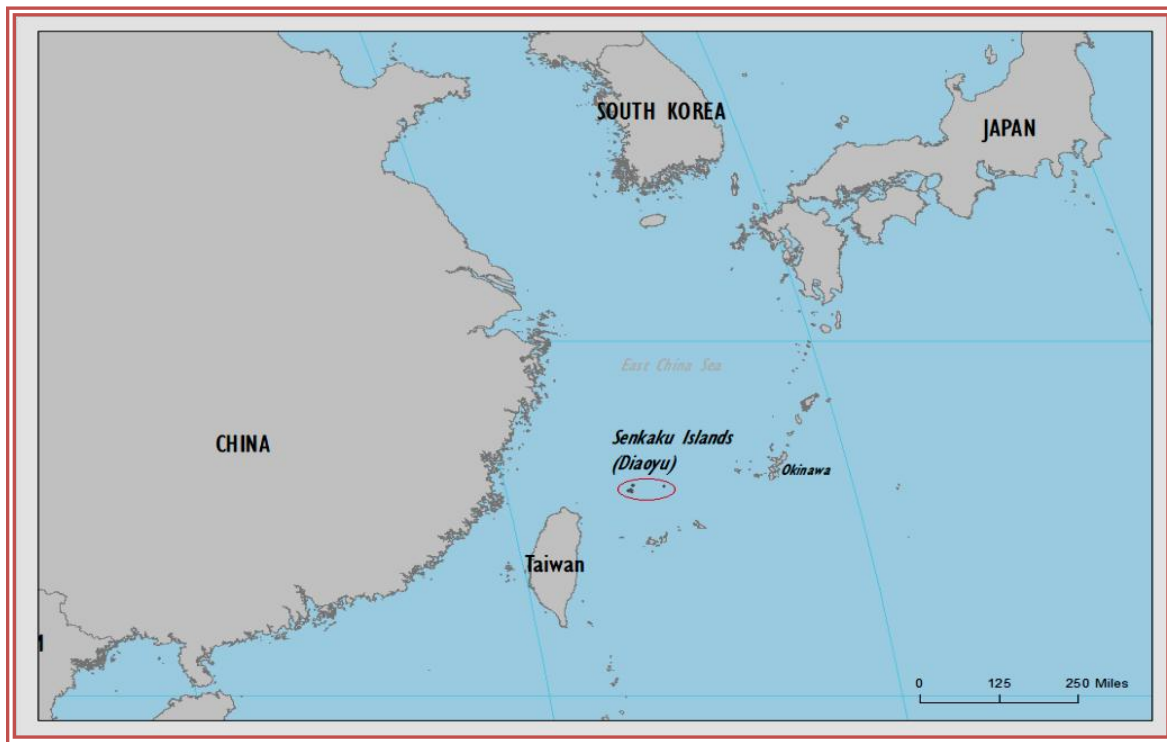
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<sup>174</sup>Ibid. Summary Page.

<sup>175</sup>Ibid., 6. “Hillary Rodham Clinton Remarks Following Signing Ceremonies,” Hanoi, Vietnam, October 30, 2010. Clinton went on to say that “We have certainly encouraged both Japan and China to seek peaceful resolution of any disagreements that they have in this area or others. It is in all of our interest for China and Japan to have stable, peaceful relations. And we have recommended to both that the United States is more than willing to host a trilateral, where we would bring Japan and China and their foreign ministers together to discuss a range of issues.” In 2004, Deputy Secretary of State Richard Armitage stated that the U.S.-Japan Mutual Security Treaty” would require any attack on Japan, *or the administrative territories under Japanese control*, to be seen as an attack on the United States.” (emphasis added) U.S. State Department, “Remarks and Q & A at the Japan National Press Club, Richard L. Armitage, Deputy Secretary of State,” February 2, 2004.

<sup>176</sup>Ibid.

Figure 5 Map of Senkaku (Diaoyu/Diaoyutai) Islands and Surrounding Region



**Source:** Created by CRS using Esri Basemaps. The Senkaku Islands have been slightly enlarged for highlighting purposes.<sup>177</sup>

Perhaps stemming from the apparent U.S. ambiguity on the issue, China steadfastly refuses to recognize international law. In “Why are China and Japan Inching toward War over Five Tiny Islands?,” Eric Posner illuminates both Japan’s and China’s argument regarding ownership claims and determines that history does not support China’s claims; still, China remains undeterred. Since the 1970’s, China has argued that Japan seized the islands in violation of international law, and that China owned the islands before 1895 based on ancient texts and maps. China also argues that the U.S. had no right to cede administrative control to Japan in

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<sup>177</sup>Mark E. Manyin, *Senkaku (Diaoyu/Diaoyutai) Islands Dispute*, Summary Page.

1972.<sup>178</sup> Because China fails to recognize tenets of the UNCLOS and disputes the U.S. right to cede administrative control to Japan, the situation cannot be resolved without better dialogue between the U.S., China, and Japan. Barring a more forceful position from the U.S. and the international community, the Chinese will continue to refer to the five tiny islands, depicted in Figure 5 just north of Taiwan, as the Diaoyu Islands.

How the U.S. applies future policy to quell growing tensions over territorial disputes will determine the quality of Sino-U.S. relations. As stated by Robert G. Sutter and Michael E. Brown, et al, in “Balancing Acts: The U.S. Rebalance and Asia-Pacific Stability,” the fundamental goals of the U.S. “rebalancing” policy are to broaden cooperation beneficial to the U.S. with regional states; “strengthen relations with allies and partners, including China as well as important regional powers; and develop regional norms and rules compatible with the international security, economic, and political order long supported by the United States.”<sup>179</sup> However, Beijing appears to be taking a different approach causing its neighbors to argue that China is also not respecting the principles of UNCLOS whereby each country has a right to twelve nautical miles of territorial waters as well as 200 nautical miles of Exclusive Economic Zone (EEZ).<sup>180</sup>

According to William Choong, in “China's Maritime Disputes: Fear, honor and interest,” by Gabriel Domínguez, Beijing is not adhering to generally accepted international norms of

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<sup>178</sup>Eric Posner, “Why are China and Japan Inching toward War over Five Tiny Islands?” *Slate.com*, 2014, 2-4 (accessed 22 May 2014).

<sup>179</sup>Robert G. Sutter, et al, “*Balancing Acts: The U.S. Rebalance and Asia-Pacific Stability*,” 1.

<sup>180</sup>William Choong, Senior Fellow for Asia-Pacific Security at the International Institute for Strategic Studies (IISS), in Gabriel Domínguez “China's Maritime Disputes: Fear, Honor and Interest,” *Deutsche Welle*, 27 May 2014. Available at: <http://www.dw.de/chinas-maritime-disputes-fear-honor-and-interest/a-17662983>. (accessed 28 May 2014).

behavior. In fact, “many members of the Association of Southeast Asian Nations (ASEAN), for instance, believe that China is contravening the spirit of the 2002 Declaration of Conduct (DOC) which stipulates that no country should resort to the use of force or intimidation over disputes in the South China Sea.”<sup>181</sup> In fact, as shown in Figure 6, there are up to six nations with sovereignty claims in the South China Sea.<sup>182</sup> This, for instance, also lies at the core of the recent dispute between China and Vietnam in early 2014 when the government of Vietnam sought to protest China’s actions.

The small islands in the South China Sea are important to the U.S. and its international partners because of their resources, but perhaps more importantly they represent continued access in the region. The United Nations Conference on Trade and Development estimated that 8.4 million tons of maritime trade, more than half of the world’s annual total, passed into the South China Sea in 2010. Perhaps as crucial, the U.S. Energy Information Administration (USEIA) estimated that approximately one trillion cubic feet (tcf) of natural gas, over half of the world’s maritime gas movement, was part of that trade, as was approximately 14 trillion barrels of oil, or a third of the world’s volume.<sup>183</sup>

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<sup>181</sup>Ibid.

<sup>182</sup>U.S. Secretary of Defense, *Annual Report to Congress: Military and Security Developments involving the People’s Republic of China 2012* (Washington, DC: Office of the Secretary of Defense, 2012), 37.

<sup>183</sup>USEIA, “South China Sea.” In 2004, 74 percent of Chinese oil imports originated from the Middle East or Africa, and most of that transited the South China Sea en route to Chinese ports. As the Chinese economy grows and its domestic production levels increase, this number has since grown. Over half of China’s oil and over a quarter of its natural gas was imported in 2011. CIA, *World Fact book*, “China,” Available at: <https://www.cia.gov/library/publications/the-world-factbook/geos/ch.html>. Accessed 18 May 2014; Daojiong Zha, “China’s Energy Security and Its International Relations,” *The China and Eurasia Forum Quarterly*, Vol. 3, No. 3, November 2005, 49; and Ingolf Kiesow, *China’s Quest for Energy: Impact upon Foreign and Security Policy*, Stockholm, Sweden: Swedish Defence Research Agency, November 2004, 12-15.

Figure 6 Sovereignty Claims in the South China Sea.



Source: Office of the Secretary of Defense, 2012 Annual Report to Congress.<sup>184</sup>

Because U.S. allies and trading partners rely on the U.S. for economic support and security of common interests, the U.S. can ill-afford to be denied, or allow allies to be denied, access to the South China Sea. As noted by Samuel S. G. Wu and Bruce Bueno de Mesquita in “Assessing the Dispute in the South China Sea: A Model of China's Security Decision Making,”

<sup>184</sup>U.S. Secretary of Defense, *Annual Report to Congress 2012*, 37.

if changing Chinese politics produce an alteration in China's actions in the South China Sea, the U.S. would almost certainly be called upon to act as the principal source of deterrence.<sup>185</sup>

The U.S. and China are competing to achieve national goals in the same area. Chinese leaders remain adamant that its maritime rights extend throughout the South China Sea and often illustrate this claim using what has become known as a “nine-dash line.”<sup>186</sup> Notwithstanding the lack of a precise description of the area that China claims within the nine-dash line, its claims appear to be unsupportable when exposed to legal scrutiny.<sup>187</sup> In addition to making territorial claims, China is increasing its conventionally armed, medium-range ballistic missiles to defend the area covered by the nine-dash line, including stationing the DF-21D (Dong Feng) Anti-Ship Ballistic Missile (ASBM) to defend the limits of the line. As depicted by Figure 7, with a range exceeding 1,500 kilometers, the DF-21D gives the PLA the capability to attack large ships, including aircraft carriers, in the western Pacific Ocean.<sup>188</sup> Beyond great power competition, the Chinese government's reference in official government materials to the nine-dash line is a source of continued concern among regional neighbors because those references have been interpreted to

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<sup>185</sup>Samuel S. G. Wu and Bruce Bueno de Mesquita, “Assessing the Dispute in the South China Sea: A Model of China's Security Decision Making,” *International Studies Quarterly* 38, no. 3 (September 1994), 379-403.

<sup>186</sup>The Nine-Dash line is shown in red in Figures 4 and 6 of this monograph.

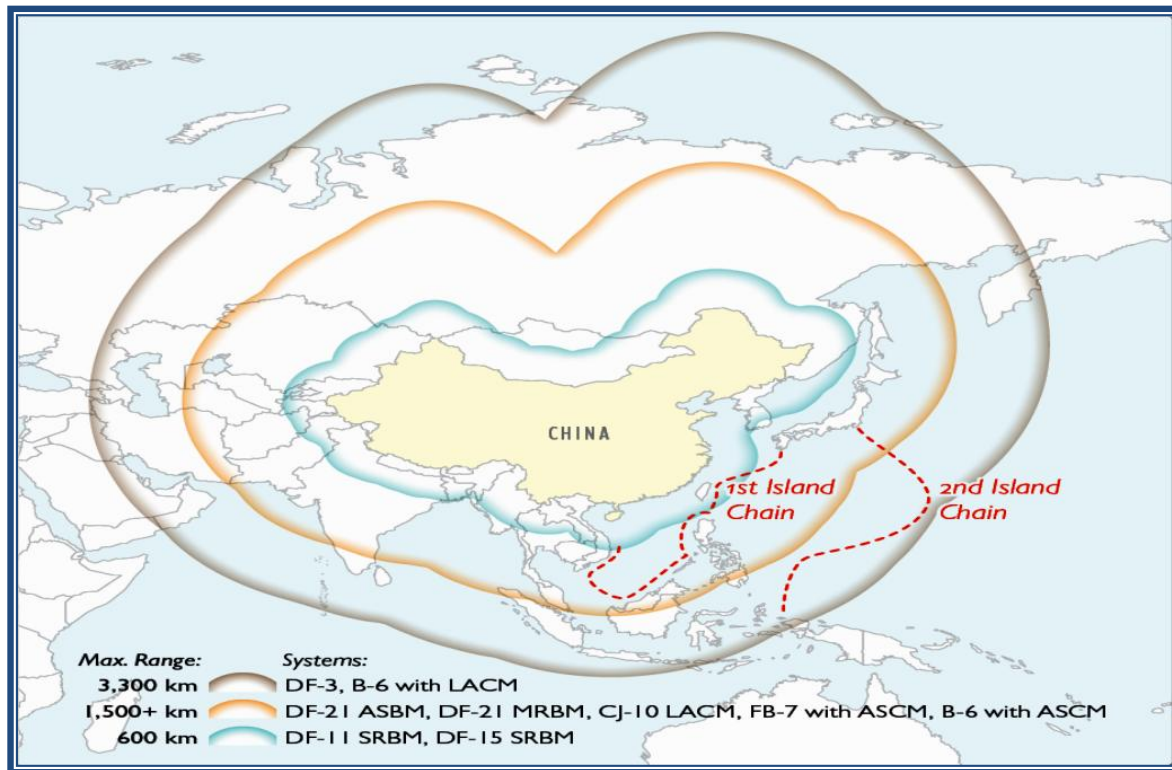
<sup>187</sup>U.S. Secretary of Defense, *Annual Report to Congress 2013*, 3.

<sup>188</sup>*Ibid.*, 5. Also see U.S. Secretary of Defense, *Annual Report to Congress: Military and Security Developments Involving the People's Republic of China 2012* (Washington, DC: Office of the Secretary of Defense, 2012). The PLA's conventional forces are currently capable of striking targets well beyond China's immediate periphery. Not included are ranges for naval surface- and sub-surface-based weapons, whose employment distances from China would be determined by doctrine and the scenario in which they are employed.



mean China is claiming all land features within the nine-dash line, and all the water and the seabed contained therein as its own vital territory.<sup>189</sup>

Figure 7 DF-21D Conventional Counter-Intervention Capabilities



**Source:** Office of the Secretary of Defense, 2012 Annual Report to Congress.<sup>190</sup>

Adding to frustrations in the region, Beijing remains fairly ambiguous about the precise meaning of the nine-dash line. In “Secretary of State Urges Multilateral Approach to China’s South China Sea Claims,” J. R. Cook notes that these claims affect large areas regarded by the U.S. and many other countries as free to international navigation, and conflict with claims made

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<sup>189</sup>Ibid., 4.

<sup>190</sup>Ibid., 42.

by others in the region, including Brunei, Malaysia, the Philippines, Taiwan, and Vietnam.<sup>191</sup> The U.S. is not immune, as China's claims have led to friction between the U.S. and China; "in 2009, a U.S. Navy vessel had an encounter at sea with Chinese vessels in the area, leading to high-level protests and discussions between the two countries."<sup>192</sup> As noted by John Pomfret, in the face of growing Chinese assertiveness, including seizures of fishing boats and seismic exploration in disputed areas, other countries in the region have doubled their acquisitions of modern weapons, including submarines and high-performance aircraft.<sup>193</sup> In an attempt to ameliorate issues with smaller states, China has sought to address questions bi-laterally, but continues to resist efforts for multi-lateral discussions.

## CONCLUSION

Maintaining U.S. influence in the Asia-Pacific requires better clarification of policy that recognizes changes in economic demographics and the geo-political landscape. A preponderance of the world's people, resources, and economic wealth are in Eurasia. Historically, the U.S. and other Western powers possessed the ability to assume a hold on those resources with little concern for competition. As the U.S. continues "rebalancing" to the Asia-Pacific region, it now

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<sup>191</sup>J. R. Crook, "Secretary of State Urges Multilateral Approach to China's South China Sea Claims," *The American Journal of International Law* 104, no. 4 (October 2010), 664-66.

<sup>192</sup>John R. Crook, ed, "Contemporary Practice of the United States," *The American Journal of International Law* 103, (2009), 325-360. In March 2009 Chinese vessels aggressively shadowed and harassed the USNS Impeccable a U.S. Navy ocean surveillance vessel operating in the South China Sea and instructed it to leave the area.

<sup>193</sup>John Pomfret, *Militaries Bulk Up in Southeast Asia*, (Washington Post, 9 August 2010), A8 in J. R. Crook, "Secretary of State Urges Multilateral Approach to China's South China Sea Claims," *The American Journal of International Law* 104, no. 4 (October 2010), 665.

faces multiple policy challenges, including competition with China for regional influence in the Asia-Pacific. According to the *2014 QDR*, “as part of the U.S. efforts for stability in the Asia-Pacific region, the United States will maintain a robust footprint in northeast Asia while enhancing its presence in Oceania and Southeast Asia.”<sup>194</sup> U.S. initiatives also include continuing military commitments geared toward peace and security in the Asia-Pacific, sustaining an ability to operate effectively across all domains, and to respond decisively to emerging crises and contingencies.<sup>195</sup>

Supporting America’s shift to the Pacific will initially include elements of U.S. “soft” power, as well as shifts in military assets. The military thus far has been the primary means used to enhance and modernize defense relationships, posture, and capabilities across the region. Specifically, to meet U.S. Pacific policy objectives, the military will continue efforts to enhance security alliances with Australia, Japan, the ROK, the Philippines, and Thailand.<sup>196</sup> Historically, the U.S. military has maintained a robust presence in the region supporting U.S. political goals. It is currently taking steps to reconstitute relationships with allies and partners to address combined capacities and further develop roles and missions to meet emerging challenges.

According to a *RAND Corporation* study, to improve the prospects for direct defense and to reduce the risk of escalation in the region, the U.S. should enable capabilities that support the resolve of China’s neighbors. Crucial to this approach, is a strategy that cannot be seen as a U.S. attempt to encircle or align the region against China, lest the strategy produce greater Chinese hostility. In fact, a parallel effort should be made to draw China into cooperative security

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<sup>194</sup>U.S. Secretary of Defense, *2014 Quadrennial Defense Review* (Washington, DC: Office of the Secretary of Defense, 4 March 2014), Executive Summary, VIII.

<sup>195</sup>*Ibid.*, 16.

<sup>196</sup>*Ibid.*, 15-16.

endeavors.<sup>197</sup> According to Dobbins, et al, U.S. attempts to encircle China, for example in the South China Sea, could result in numerous potential flash points. China's assertion of sovereignty over virtually the entire region buttresses rival claims of numerous other states, and the Paracel and Spratly islands are already witnessing low level conflict.

Dobbins notes that "a confrontation at sea could lead to a broader conflict if, for example, an oceanic dispute between Vietnam and China escalated into a land war between the two."<sup>198</sup> A second example might be the presence of the Philippines, which could elevate tumult for the U.S. if a deeper crisis was to arise in or around the South China Sea. Additionally, China's growing enforcement of the "Nine-Dash-Line" and increased enforcement of its claimed EEZ presents a challenge to international norms and could lead to the possibility of crisis or conflagration. As Dobbins notes, "this also represents a test to global norms of free navigation and are a direct challenge to U.S. interests in East Asia."<sup>199</sup> Maintaining stability in the region and avoiding direct conflict with China is the stated U.S. objective and could become more difficult to achieve in the future.

On April 9, 2014, Secretary of Defense Charles Hagel met in Beijing with President Xi Jinping. Secretary Hagel expressed his appreciation to the Chinese president for the visit to China and for the chance to build towards a new model of military-to-military relations. He thanked President Xi for the "deep and candid conversations with China's leadership."<sup>200</sup> The two leaders

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<sup>197</sup>James Dobbins, David C. Gompert, David A. Shlapak, and Andrew Sobell, "Conflict with China: Prospects, Consequences, and Strategies for Deterrence," (Washington, DC: RAND Corporation, Arroyo Center, 2011), 4.

<sup>198</sup>Ibid., 3-5.

<sup>199</sup>Ibid., 5.

<sup>200</sup>U.S. Department of Defense, Office of the Assistant Secretary of Defense (Washington, DC: Public Affairs Office, Public Statement for Immediate Release, No. NR-169-14, 8 April 2014).

affirmed the need for continued dialogue between the two nations, building off the foundation laid out in earlier conversations between Presidents Barack Obama and Xi.

The conversation with President Xi would suggest cordial relations between the United States and the PRC. However, when Secretary Hagel met with the Chinese Defense Minister, General Chang Wanquan, the two gentlemen exchanged barbs. Secretary Hagel criticized China for establishing an air-defense zone over the East China Sea islands which added to tensions in the region. General Wanquan verbally chided Japan, the Philippines, Taiwan, and the U.S. for various measures that undercut stability. Nevertheless, when Hagel met with Central Military Committee Vice Chairman General Changlong, they discussed regional security, “including in the East China Sea and South China Sea, where Secretary Hagel reaffirmed the United States’ commitments, and encouraged all parties to resolve their differences peacefully, through diplomacy and in keeping with ‘international law.’”<sup>201</sup>

During the visit, Secretary Hagel reaffirmed the United States’ One China policy, based on the three Joint U.S.-China communiqués and the Taiwan Relations Act. The two leaders shared a very frank exchange of views about issues important to both the U.S. and China, as well as to the Asia-Pacific region.”<sup>202</sup> They discussed security issues in the East China Sea and South China Sea. By urging China’s cooperation in the international community, he set the U.S. on a path to establishing better dialogue with China. Since both parties assert that they want to avoid military confrontation and both claim to be enforcing their national rights, the efforts made by the U.S. to declare its policy objectives in Asia may help develop relations with the PRC. The U.S. though must better clarify its policy approaches in the Asia-Pacific and demonstrate greater

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<sup>201</sup>Ibid.

<sup>202</sup>Ibid.

recognition of history and frustrations in the region. It must also discuss openly northeast Asian perceptions about U.S. willingness to align policies that ensure U.S. interests and stated objectives in the region.

Successful U.S. policy in the Asia-Pacific requires clarity in the U.S. understanding of Asian history, cultural perceptions, and geo-political peculiarities of regional leaders. Following twelve years of Middle East conflict, President Obama's apparent sudden shift, or "pivot," to the Asia-Pacific leads to questions regarding U.S. motives. Consequently, long-held Chinese concerns about American policy-makers' ambitions in China's presumed area of hegemony affects Sino-American relations in the region. The relationship that the United States and China forge in the next twenty to thirty years will be instrumental in the future of East-West relations. Beyond simply China and the United States, other nation states are greatly affected by an outcome that suggests anything less than sustained peaceful relations. Because China is experiencing global economic and political power, it is essential that the U.S. consider wisely both "hard" and "soft" policies as it considers its relationship with China and other regional leaders.

History and attitudes of Sino-U.S. relations have global consequences. Since the late 1940's, U.S. policy-makers have pondered whether, and where, to act unilaterally or to seek regional alliances and peer competitor status with China. It is crucial to recognize that China's view of U.S. intentions is shaped by past experiences and by how the U.S. comports itself in regional issues. Comparative to its strategic interaction with China, better understanding of the historical psychology and attitudes reinforced by the U.S. in the region is important to achieving long term objectives. When weighing new approaches and future practices in the region, U.S. policy-makers must examine historical complexities and cultural attitudes of Asian states for ways to maintain stability in the Asia-Pacific. Perhaps analogous of the Cold War between the

U.S. and the Soviet Union, beyond China and the U.S., other nation states are greatly affected by unintended outcomes created by the two bigger powers. To that end, U.S. initiatives in the Asia-Pacific must fully acknowledge regional attitudes and historic cleavages of Asian states. For its part, China must embrace the “rule of law” and seek to harness the ability to step beyond historical humiliation caused by the “Century of Humiliation” and comport itself as a powerful modern state.

Notwithstanding a desire for peace and stability, military confrontation could result from relatively new constructs that otherwise are presumed to be benign. For example, the domain of cyber-space is an area where there are no relevant historical examples, but also where little hard or soft policy exists. Chinese disruption of U.S. security networks could cause calamity, causing the U.S. to respond forcefully. Also fairly innocuous, until the first shot is fired, is the possibility of economic warfare. Given the breadth of economic globalization and relative connectiveness in global markets, currency value, and credit liquidity, as noted by Dobbins, “the very fateful question that the U.S. would need to be prepared to answer is whether it could design economic measures that could hit China disproportionately hard, recognizing the impact to itself and world economics.”<sup>203</sup> Finally, the advanced technology that both the U.S. and China possess to ensure A2AD strategies and power projection presents the most plausible military situation that could cause a Sino-U.S. crisis.

Militarily, China is not as proportionately sophisticated as the U.S. It has, however, modernized sufficiently to create considerable concern on the part of American policy-makers about the possibility of crisis or conflict in the Asia-Pacific. According to Dobbins “the Chinese

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<sup>203</sup>James Dobbins, et al, “*Conflict with China: Prospects, Consequences, and Strategies for Deterrence*,” 4.

will be able to increase anti-access advantage where it currently exists and could expand it into the Pacific, to northeast Asia, and eventually to Southeast Asia. In fact, China's top priority for military investment and current deployments is to disrupt or impair U.S. defense and forward operating forces.<sup>204</sup> Less powerful states too are greatly affected by instability and the potential for unexpected outcomes between China and the United States.

Successful Sino-U.S. relations that achieve sustained mutual economic prosperity and peace in the region better supports stability for all nations. U.S. policy in the Asia-Pacific must better acknowledge historic realities and regional attitudes of Asian states to achieve U.S. interests there. Economic and military strategies should also attempt to recognize the emotional impact of past experiences of Asian states. Failure to do so would discount U.S. aims of supporting cooperation in the region and would nullify gains made to ensure that the Asia-Pacific region remains an open, inclusive, and prosperous region governed by normative rules and standards, and a respect for international law.

If U.S. policy fails and cooperation between the U.S. and China cannot be achieved, the U.S. could be forced to take additional measures to ensure its interest in the region and fulfillment of security agreements with allies. In "America's China Paradigm is Back on Track," Patrick M. Cronin writes that "China should expect the United States to respect sovereign disputes, rather than to impose an arbitrary solution."<sup>205</sup> He goes on to clarify that U.S. policy pronouncements pertaining to the East and South China Sea, have distinguished between administrative control and sovereignty and that China should not expect the United States to stay aloof. Whether the

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<sup>204</sup>Ibid., 5.

<sup>205</sup>Patrick M. Cronin, "America's China Paradigm is Back on Track," *War on the Rocks*, (21 February 2014).



U.S. will be able to resolve disputes with Japan and the Philippines for example will determine the level of peaceful relations in the region. Cronin notes that “Chinese officials would be prudent not to test the commitment of the United States.”<sup>206</sup> Adding to the looming reality, statements from senior administration officials, including Secretary of State John Kerry and Assistant Secretary of State for East Asian and Pacific Affairs Daniel Russel, have recently emphasized a tougher approach to protecting allies against Chinese tailored coercion.<sup>207</sup>

Testifying before the U.S. Congress, Assistant Secretary of State Daniel Russel stated, “the common thread running through our strategic rebalancing is a determination to ensure that the Asia-Pacific remains an open, inclusive, and prosperous region guided by widely accepted rules and standards and a respect for international law.”<sup>208</sup> He went on to say that “we have a strong stake in the continuing economic growth of this region, and we are working to ensure that Americans can fully participate in that growth and share in that prosperity.”<sup>209</sup> How U.S. policy adapts to Chinese actions will indicate whether Sino-U.S. relations will be able to sustain peace in the region. It is clear that China is continuing goals stipulated by Deng Xiaoping years ago, and that its intention to achieve full modernization is now impacting U.S. interests in the region.

In *The United States and China in Power Transition*, David Lai suggests there is also a “fifth modernization” underway in China. He notes that China’s uneasy transition to modernity has external consequences. Its way of government is still out of place with the prevailing

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<sup>206</sup>Ibid.

<sup>207</sup>Ibid.

<sup>208</sup>Daniel Russel, Assistant Secretary of State, Bureau of East Asian and Pacific Affairs, “Maritime Disputes in East Asia,” Statement to the U.S. Congress, Subcommittee on Asia and the Pacific, House Foreign Affairs Committee, February 5, 2014, 1.

<sup>209</sup>Ibid., 2.

democratic international system. “This outsider problem keeps China in the ‘dissatisfied group’ of the international system, thus when China started its upward development, it automatically became a threat to the U.S. and Western led international system.”<sup>210</sup> In *The New Asian Hemisphere*, Mahbubani states that the U.S. and the West have two clear options; “it could welcome and embrace the spread of modernization and continue to work with Asia toward opening the world order, and alternatively, it can feel increasingly threatened by the success of Asia and begin to retreat into fortresses, political and economic.”<sup>211</sup> How the Sino-U.S. relationship develops depends on American policy-makers’ abilities to comprehend the Middle Kingdom’s history, cultural perpetuity, and political ambitions, and perhaps just as significant, China’s future outlook.

China’s feeling of “national humiliation” impacts heavily on its interaction with Western powers, particularly the U.S.. How China will ultimately make it through its “cleansing” of past humiliation is yet to be determined; however, it is certain that U.S. policy-makers must understand one of the primary tenets of China’s feelings of humiliation. “Chinese people want to make sure that they are not insulted, bullied, or humiliated by foreigners again.”<sup>212</sup> Chinese leaders feel that “China once made outstanding contributions to world civilization, but in modern times, it has been bullied by foreign powers, and is still to some degree being bullied.”<sup>213</sup> In the three plus decades since Deng Xiaoping set China on a course of modernization, it has experienced tremendous social and cultural transformation. China has taken center stage in the

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<sup>210</sup>David Lai, *The United States and China*, 51.

<sup>211</sup>Kishore Mahbubani, *The New Asian Hemisphere*, 26-27.

<sup>212</sup>William A. Callahan, *China: The Pessimist Nation*, 191-92.

<sup>213</sup>*Ibid*, 191-92.

Asia-Pacific, but other regional powers also have a contributing importance in stability in the region. U.S. policy-makers must establish normative expectations recognized by the United Nations under international law that seek to continue the current prosperity and peace in the region. To achieve its stated goals, U.S. policy must harness “soft” power that can be reinforced, if necessary, by “hard” power.

Continued prosperity in Asia is integral to international events unfolding in the twenty-first-century. Operating in an apparent “bi-polar” state of national emotion, China straddles the line between positive optimism and negative pessimism with a long-held perception that “anything that gets in the way of China’s inevitable rise is seen as an ‘obstacle’ put there by foreigners whose nefarious schemes seek to ‘deny the right of a Chinese renaissance’.”<sup>214</sup> When determining strategic goals and objectives in the Asia-Pacific, American leaders must be bold in approaches that seek to maintain a benign and stable environment.

As the U.S continues to seek ways for constructing peaceful relations with China, policy-makers must also maintain security relationships with allies and partners that will enable the U.S. to act freely and within international norms. As described by the distinguished scholar at the Center for Strategic and International Studies, and former Under Secretary of Defense, Fred C.

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<sup>214</sup>Ibid., 197-98. In *China: The Pessoptimist Nation*, Callahan’s text, he argues that to understand the success of China’s current rise, (we) must understand the failures of China’s “Century of National Humiliation.” He says that much analysis of the rise of China promotes either optimistic views of the country as a peaceful rising opportunity for the world, or pessimistic views of China as a military and economic threat to the West that needs to be contained. He goes on to say that we need to understand how the positive and negative are intimately intertwined in Chinese understanding of China’s politics. In his view China can shift quickly from *positive optimism* to *negative pessimism*, and back again. Rather than simply being a “land of contradictions” that suffers from “national schizophrenia” it is necessary to see how China’s sense of pride and sense of humiliation are actually intimately interwoven in a “structure of feelings” that informs China’s national aesthetic.

Ikle', "usually very few military officers and civilian leaders are given the time and opportunity to pull together all the pieces and prepare estimates that bear directly on the overall strategy."<sup>215</sup>

China is rising as a world power and has helped to create a new economy that supports its regime achieving vital interests in the Asia-Pacific. To maintain parity with China in the region, U.S. allies need to trust that the U.S. has the ability to sustain economic superiority in the region. The U.S. must demonstrate that it can continue to provide security against Chinese practices that do not follow international law, and that it can ensure states are able to maintain state sovereignty in the East and South China Seas. To accomplish such and achieve its stated objectives of maintaining peace and stability in the region, the U.S. must better understand the history of the Asia-Pacific, recognize where the U.S. can work with allies in the region for continued prosperity through "soft" power, and where necessary be prepared to employ "hard" power, to ensure U.S. interests in the region.

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<sup>215</sup>Fred Charles Ikle, *Every War Must End*, (New York, NY: Columbia University Press, 2005), 18.

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